

# The Correspondent

JUNE 2015

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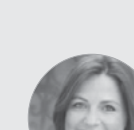
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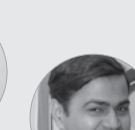
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## WELCOME

The launch of this inaugural issue of The Correspondent coincides with the 30th anniversary of the founding of the ABCK and this issue is in part, dedicated to the historic ties that Kuwait has enjoyed with the United States for many decades.

Any platform to express thoughts and ideas is a platform that can change the status quo, improve and build. As we launch this first revised edition of The Correspondent, our aim is to do just that. We want to strengthen the ties between the US and the Gulf Cooperation Council member states through a quality magazine which showcases various sectors, subjects and people.

As a Kuwaiti, I feel it is imperative to showcase more people who are creative and ambitious. Their dedication to positively changing themselves and the world around

them should be heard. Yes, it is a business magazine but every aspect of our lives is touched and influenced by emotions including human factors that make us better or worse; that have a profound bearing on the business that we conduct.

The Correspondent should be successful not only in its commercial mandate but I wish to also see it succeeding first and foremost by sharing ideas, thoughts and opinions from people whose experience is unique and inspirational. The level of information and debate should be of the highest quality and we aim to improve the quality of what we bring you as we progress on this voyage.

I hope you will enjoy this first edition. If we can make a difference, no matter how small it is, we will have succeeded in our ambition to launch this new platform for ideas, quality debate and improving business opportunities.

**Abdulaziz M. Al-Anjeri**

The Kuwaiti Kilma Media & Advertising Company





Mr. Douglas A. Silliman



## EMBASSY OF THE UNITED STATES OF AMERICA

Kuwait City, Kuwait - November 24, 2014

Dear Readers :

My wife Catherine and I are thrilled to be in Kuwait, and the people we have met through the ABCK have played a big part in making our first few months here so enjoyable. That is why I am pleased to introduce the latest edition of “**THE CORRESPONDENT**” by taking this opportunity to thank the ABCK for the excellent cooperation between our Embassy and the business community.

By now, I am sure that you are used to hearing just how strong the trading relationship between the United States and Kuwait has become, but did you know that our bilateral trade volumes grew by more than 167%, from \$5.7 billion in 2009 to \$15.2 billion in 2013? Contrary to popular belief, that is not U.S. imports of Kuwaiti oil: over that same period, U.S. exports to Kuwait grew by 33% making it abundantly clear that Kuwait's market continues to offer a unique growth opportunity to those companies willing to make a long-term commitment.

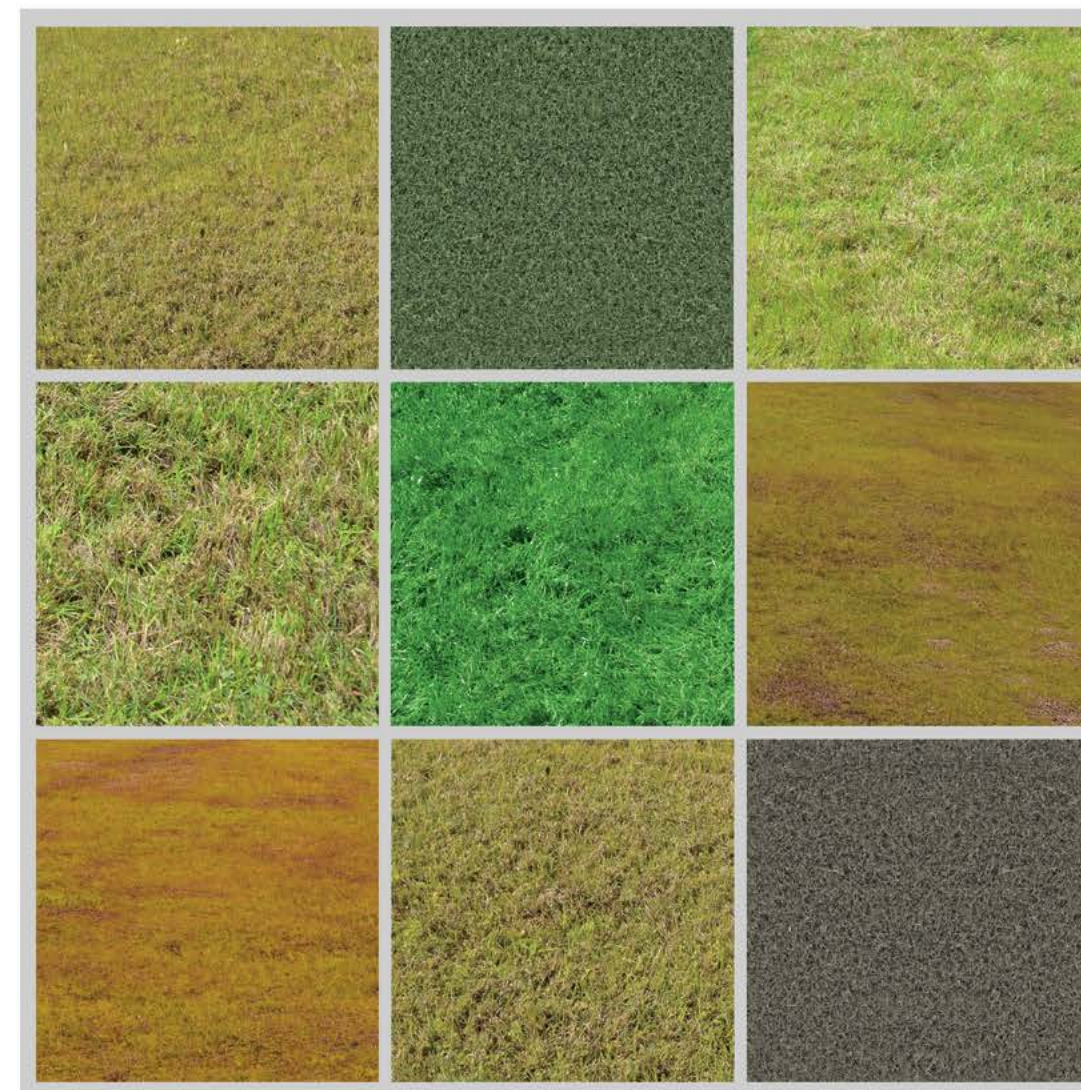
I want to help American business take advantage of those opportunities in order to support job growth both in the United States and Kuwait. Over the coming year, my top three goals in the economic arena will be: i) improving the business environment for American firms; ii) advancing President Obama's goal of doubling our exports from 2009 to 2015; and iii) attracting greater and more diversified Kuwaiti investments in America.

I want to commend the ABCK for its contributions to bringing the U.S. - Kuwait commercial partnership to where it is today. All of us - the American Business Council, companies, universities, non-governmental organizations, and the U.S. Embassy - have unique but mutually reinforcing roles to play in this endeavor. I look forward to talking with each of you about how we can better work together to achieve our goals.

I invite you to read more about ABCK and Embassy-sponsored initiatives and events in this edition of “**THE CORRESPONDENT**” to learn more about the Embassy's activities and services please visit our website at [www.kuwait.usembassy.gov](http://www.kuwait.usembassy.gov), and follow me on Instagram and Twitter at @AmbSilliman.

Sincerely,

Douglas A. Silliman  
Ambassador



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## MEMBERSHIP

The American Business Council of Kuwait (ABCK) is a non-profit organization dedicated to the promotion and development of American business and American business interests in the State of Kuwait.

ABCK strives to promote better awareness of American businesses, products, and services in Kuwait.

ABCK provides a forum for American business and business interests, and advocates the enhancement of the business climate within the State of Kuwait.

ABCK seeks to proactively promote an understanding of the challenges and issues facing American business interests operating abroad.

The following memberships are available

- Corporate regular membership
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For more information regarding membership

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“WE ARE ALWAYS LOOKING AT WAYS TO IMPROVE OUR MESSAGE AND ENSURE WE PROVIDE MEANINGFUL BENEFITS TO EACH OF YOU ...”

Dear Members and Friends of the ABCK, I am delighted to welcome readers to the inaugural issue of our new look quarterly, The Correspondent. I hope the wide variety of timely and in-depth articles and interviews will be enjoyed by members new and old and that you are all as excited as I am about the changes.

This milestone is the perfect moment to reflect on our past successes as well as future plans for enhancing this organization's work not only as an advocate for promoting American brands, products and services in Kuwait, but also by bringing together our Kuwaiti and US business partners together through programs and events that enhance that message.

I think we all agree, we have come a long way!

As we enter a new era of growth and opportunity for the ABCK and its members, the viability of our organization rests on our members, sponsors and other business partners who share our goals. We are always looking at ways to improve our message and ensure we provide meaningful benefits to each of you.

As many of you know, for the past 30 years, the ABCK has operated largely as an unrecognized business association in Kuwait, formally organized but operating under the umbrella and goodwill of the US Embassy. I am pleased to announce that as of January 2014, the ABCK was incorporated as a Delaware company and became the American Business Council Ltd.

I would like to congratulate the entire ABCK team and the original founders whose hard work has provided the drive behind the organization. Thanks also to the kind and helpful Embassy team who have equally supported our common goals. On behalf of the ABCK, I would like to take this opportunity to welcome Ambassador Silliman and his family to Kuwait! The ABCK continues to thrive as a result of its active and robust membership.

I want to thank all the board members and volunteers who work so hard to ensure the ABCK's relevance. If you have any ideas for the ABCK and The Correspondent, please feel free to contact me through the ABCK official website. Here's to an exciting 2015!  
Yours,

**Scott Beverly**  
Chairman Of American Business Council in Kuwait



# PUTTING KUWAIT ON THE NEWS STAGE

Interview by MARYANN HORNE

Photography by LYNDIA HIGGS

Kuwait Times Editor in Chief, ABDULRAHMAN AL-ALYAN speaks to The Correspondent about the legacy of reporting Kuwait for an international audience and the challenges of bringing the Gulf's first English-speaking newspaper into the digital age.

**THE CORRESPONDENT:** KUWAIT TIMES WAS THE FIRST ENGLISH LANGUAGE PAPER IN THE GULF, FOUNDED IN 1961 BY YOUR LATE FATHER. WHAT ARE THE CHALLENGES OF BRINGING A TRADITIONAL NEWSPAPER INTO THE DIGITAL AGE?

**ABDULRAHMAN AL-ALYAN:** This is a global debate within the industry because it has changed so much over the past decade. Our main concentration used to be on reporting the news; but today, it is on reporting it in a way that is not time sensitive. The emphasis is on commentary, analysis and features. In short, material that you cannot get when an incident happens. There is a risk of creating star writers because people will look to them to have added value and bring readers perspective that they can't access because of the nature of live reporting. A football match is a good example. Everyone can watch a game and get the score instantly these days. What the newspapers bring is helping to put events into perspective, write about what happened before and after the match, provide analysis and this is what keeps readers coming back.

**TC:** DOING COMMENTARY IN KUWAIT OBVIOUSLY HAS ITS CHALLENGES?

**AA:** The good thing about Kuwait is that there is a clear law about what you can and cannot do. It is better than having taboos and not knowing whether you can write about certain things or cannot. The Kuwait Times and other newspapers here have been very active in pushing the boundaries and getting closer to the goal they want. The law is the best in the Middle East in terms of freedom of press, despite being restrictive. We will naturally continue to campaign for greater freedom. We make it a policy to challenge gagging orders, for example. If there is a story we cannot publish, we will print the actual order preventing us from doing so. This is a habit we picked up in the old days when the government censor used to go through the paper. In retaliation to censorship, we would leave the space where a censored article should have been printed blank. That went on for a couple of years until the government gave up.

**TC:** HOW HAS THE VISION CHANGED?

**AA:** The vision of the Kuwait Times was the one of my late father, Yusef Al-Alyan. He wanted to showcase Kuwait to the world. The paper was established at a time when Kuwait was a British colony so the idea was to start showing Kuwait's development and enable people to get to know our country. If you go through the archives of many embassies and governments across the world, you will find many articles from Kuwait Times.





MARYANN HORNE

Maryann Horne is a former BBC and Reuters reporter. She has worked in broadcasting and print journalism for twenty years. The British writer has worked in Libya, Afghanistan, Sudan, and other conflict regions covering news and current affairs. She specialises in portraits and profiles of economic and business leaders and has widespread experience in TV and radio reporting. She is currently based in the GCC and works as a free-lance writer and editor.



Kuwait Times was the first English language newspaper in the GCC

**TC:** WHAT IS YOUR VISION NOW?

**AA:** We carry on with this vision and want to ensure Kuwait is understood and is on the international news map. Our main goal is the betterment of Kuwait from a national perspective. We also hold our regional morals and defend these. We are nationalistic but we don't want to be biased. Of course, we get accused of criticizing certain policies, for example those targeting expats. But what we want is to see Kuwait as a regional icon. For example, we want Kuwait to represent Islam. Islam as the religion in the proper and true sense and not the Islam linked to terrorism that seems to unfortunately be the popular face of our religion. We want to see Kuwait as a leader, for example by

protecting and defending the rights of all people, including women and those who are foreign. We try to push for what we think are the right regulations in this regard.

**TC:** WHAT HAVE BEEN THE BIGGEST STORIES IN THE PAST DECADE?

**AA:** From an international perspective, the fall of Saddam was a huge story. Locally, women getting their parliamentary rights was a very significant story and development. This story has changed politics all together here. In some regards, it has also put pressure on neighboring countries, particularly those where women can't drive.

## A TALE OF OCCUPATION AND MADNESS

Walking around the Kuwait Times printing press is a walk down history lane. It is striking and one can see, smell and feel authenticity. The original printing presses are intact, as are most of the buildings. Their age is testament to the newspaper as a local and regional institution. So why did the Kuwait Times survive the occupation unscathed while the media was the systematic target of the Iraqi forces? The answer is testament to the sheer courage and passion of Yousef Saleh Al-Alyan, the founding Editor.

When the Iraqi forces descended on the premises, Yousef Al-Alyan confronted them directly, requesting the appropriate documents and then lecturing them about the law. He didn't hide his anger as he physically tried to prevent them from entering the premises, despite being threatened. He asked them how long they needed and came back when the three hours were up, only to be told to come back the next day.

The next morning, despite the pleas of his relatives, he returned to the Kuwait Times offices, only to be told the soldiers needed more time. It was then, in his own words, that he "lost it". He drove in a blind rage to the Iraqi General's Headquarters, found his office and confronted him about his lack of authority by shouting and even banging his fist on the table. He was in such a furious state and displayed such audacity with men who could have executed him on the spot, that the General concluded he was crazy. He ordered his men to leave, as he came to the conclusion that the Editor in Chief was insane.

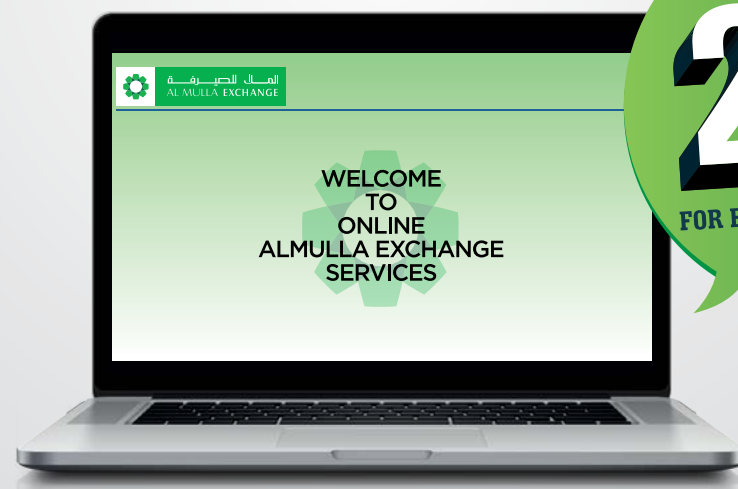
"My father had reached the point where he didn't care if he would be killed," says Abdulrahman Alyan. "He had such high values and passion that he was going to defend them no matter what. He himself told us he lost it. In fact, he didn't remember some of the things he did or where he found the courage to do what he did."

“ My father had reached the point where he didn't care if he would be killed ... ”



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The media is one of the best indicators of economic growth

A LABOR OF LOVE, Abdulrahman with Alwatheq Darwish, press manager at Kuwait Times

**TC:** AND WHAT STORIES DO YOU ANTICIPATE IN THE YEARS TO COME?

**AA:** It all depends on how the country grows economically. There is potential and there is cash. The private sector has the know how and experience and infrastructure is there, even if it needs modernization. The only issue is the regulation. It restricts business growth. From our perspective at Kuwait Times, it is this regulation which makes it difficult to move forward.

**TC:** WHAT CHALLENGES DO YOU ENCOUNTER?

**AA:** The majority of our readers are foreigners and one of our biggest challenges are the new regulations against expats and the threat of changes to the law. Every time a decision is made in this area, we feel the full brunt of it. It affects our

staff, our readers and makes life difficult in general.

**TC:** WHAT IS THE ECONOMIC SITUATION LIKE IN YOUR SECTOR?

**AA:** The biggest indicator of economic growth in a country is often the media. When the market is doing well, the media does well with advertising. When the situation is difficult, budgets are scrapped and the media suffers. The situation is improving but it is still not great.

**TC:** YOU ARE ONE OF THE MOST RESPECTED YOUNG ENTREPRENEURS IN KUWAIT. WHAT DOES IT TAKE TO BE AN ENTREPRENEUR HERE?

**AA:** Honestly? Wasta! This is where we, in Kuwait, face a real problem. Nowadays, if you have a young entrepreneur who isn't from a family that has the political connections or financial

weight to push his business, they can't really start their own business. The regulations make it difficult. In these testing economic times, the whole world is suffering. In the West, there are more reports of young people starting their business from home. This is not allowed in Kuwait.

**TC:** FINALLY, WHAT IS YOUR ADVICE TO ENTREPRENEURS?

**AA:** You need to keep pushing to get what you need and want. If you don't have wasta, you need to keep trying and have faith and perseverance. It can seem daunting and it can take time. It took me six months for example to open a company. You feel at times like giving up or starting your business elsewhere. You have to keep pushing because once you get there, there is big potential.



# OIL PRICE FALL MAY HAMPER FUTURE SUPPLY GROWTH

What are the prospects in the energy market and how will the recent fall in prices shake it up? What will be the impact of the so-called shale gas revolution and how will GCC countries fare in years to come? Find out more about the political and economic changes and how they will impact on this increasingly receptive industry ...

by KATE DOURIAN



Two decades from now, energy demand will have risen by 40%, equal to the combined current consumption of the US and China. To meet that demand the world will need to find an additional 50 million barrels of oil — equal to 10 times the current production of Saudi Arabia — to make up for natural declines from producing fields and bring on new capacity. That was the consensus that emerged from a three-day industry gathering in Abu Dhabi last November.

It's obviously a long term view based on the projections of international oil companies like BP, Shell and Total as well as intergovernmental agencies like the International Energy Agency (IEA) and OPEC, the Arab-dominated oil producers' group. Yet in order to meet the projected demand by 2035, investment decisions have to be made now. Oil prices fell by roughly 60% between June and January, though they have recovered somewhat to trade in a band either side of \$ 50 and \$ 60/B, a move that that Kuwait's Oil Minister, Ali Saleh Al-Omar, predicted would occur earlier than some analysts had envisaged.

Yet prices are still down from the 2014 high of \$ 115/B, and should price weakness persist, the oil market may be in for a future supply and

price shock. The dramatic rise in US production of tight light crude oil from shale deposits, tepid demand from China and India as well as continued high levels of OPEC production all contributed to market weakness.

The medium term outlook is relaxed with the so-called shale gas revolution and the surge in tight and heavy oil production in North America more than sufficient to meet energy demand over the next five years. Beyond 2020, demand for OPEC's oil picks up. BP's highly anticipated outlook to 2035 issued on February 17 says overall demand is expected to rise to 111 million b/d by 2035, at which time tight oil production in the US will have gone into decline, increasing the call on OPEC oil. Fossil fuels — crude oil, natural gas and coal — will make up 70% of the energy mix, roughly equal to current percentages though the share of gas will grow far faster than that of oil. By the end of the outlook period, OPEC's production will have risen by 7 million b/d with increases expected mainly from the UAE, Kuwait and Iraq though the security situation in the latter means that Iraqi oil is the wild card in all projections of future supply. According to the BP outlook, OPEC will regain market share lost to non-OPEC producers and by 2030, demand for OPEC crude will exceed the 2007 historic





record of 32 million b/d. These long-term projections, which see declines in the production of unconventional oils in North America within the next five years, were doubtless in the minds of OPEC's ministers when they decided on 27 November to maintain their production ceiling at 30 million b/d despite the obvious supply overhang. The key Gulf Arab producers within OPEC — Saudi Arabia, Kuwait, the UAE and Qatar — stuck to their guns and led the other members of the 12-nation organization toward an agreement that effectively ceded control of the oil market to market forces.

OPEC's high stakes games is predicated on the assumption that the low price environment will affect the higher cost producers of shale oil and oil sands in North America and is willing to wait out a period of lower oil prices rather than cede market share. Indeed, Saudi Arabian Oil Minister, Ali Naimi, said in an interview with the Middle East Economic

Survey (MEES) on 21 December that the OPEC heavyweight would not cut production unilaterally even if prices fell to \$ 20/B, signaling that the Kingdom would no longer play the role of swing producer and allow others to grab market share at its expense. The world, he said, may not see \$ 100/B oil again. Tight oil produced through the so-called fracking process is more expensive to produce than conventional oil and suffers from a much higher decline rate than conventional reservoirs so the growth in unconventional sources of energy is unsustainable in the longer term. The jury is out on the lifespan of shale oil though there is general agreement that US tight oil producers cannot continue to operate in a sustained low oil price environment.

Again, opinions differ as to how low oil prices will have to go before US tight oil fields are forced to shut down or smaller developers sink deeper into debt and are forced out of business.

OPEC believes the pain threshold is somewhere around the \$ 80 per barrel level and is waiting out the oil price slide, though technological advances are expected to prolong the life of shale fields. However, the recent drop in the number of drilling rigs in North America, an indicator of the impact of lower prices on producers of shale, has not so far had any serious impact on US production, which continues to rise though at a slightly slower pace than in the previous five years. What is clear is that OPEC producers — Saudi Arabia, Kuwait, the UAE, Qatar, Iraq, Iran, Nigeria, Angola, Algeria, Libya, Venezuela and Ecuador — will have to cede some market share to independent producers, led by the US and Canada, until 2019. At the same time, they have to prepare for the period beyond 2020, when their share of the market is set to grow and they need to do so even as their revenues are shrinking.

The OPEC Secretary General, Abdalla El-Badri says that energy projects worth \$ 340 billion in the medium term are at risk should oil price weakness continue.

The IEA warned in its latest World Energy Outlook to 2040 that today's picture of an oversupplied market should not lead to complacency, given that the world will in future have to depend on a shrinking pool of key suppliers, many of them in the Middle East. Recent geopolitical developments and deteriorating security conditions in several Middle Eastern countries, in particular Iraq, have muddled the picture. Iraq was to be the single biggest contributor to energy supply growth over the coming decade. Yet infrastructure constraints and the security challenges it now faces have led to far lower growth forecasts. The IEA says Iraq will have to invest \$15 billion annually to achieve moderate growth in output capacity.

Unlike the other Arab Gulf producers like Saudi Arabia, Kuwait, the UAE and Qatar, Iraq is not flush with cash due largely to the fact that its oil revenues have been hit by the loss of its northern oil exports and the high

cost of battling the insurgency in the north and northwest. Elsewhere in the Arabian Gulf, political stability and four years of steady oil prices at an average \$ 100 per barrel resulted in the accumulation by Gulf Arab states of comfortable cash piles that will allow major oil producers like Saudi Arabia, Kuwait and the UAE to ride out lower oil prices in the short term. Kuwait, for example, has a higher tolerance for much lower oil prices to balance its budget compared with its peers.

There is also a question mark as to how quickly Iran can reclaim its former position as the second largest producer in OPEC after Saudi Arabia if and when international sanctions against it are lifted.

All this makes it difficult to predict just how much investment will be needed from the other OPEC producers and where the additional capacity will come from. Venezuela has large reserves of both conventional and very heavy oil but its economy is in shambles. Angola, meanwhile, is staring at production declines in the near future while Nigeria has seen a flight of investors as a result of constant oil theft and pipeline

damage. Libya, in the grips of political turmoil, recently saw production fall below 200,000 b/d compared with normal production of 1.6 million b/d. Amid all this uncertainty, the onus is on the remaining three Middle Eastern producers — Saudi Arabia, Kuwait and the UAE — where capacity expansion plans are at various stages of development. It is worth noting that many of the oil producing countries in the Arabian Gulf are putting more effort into development of natural gas reserves to meet rising domestic demand in subsidized markets. Kuwait is reviewing its energy subsidies with a view to raising prices of some refined products. Failure by others to follow suit will result in continued high domestic consumption of energy and erosion in oil export capacity in the years to come.

Saudi Arabia expanded its oil production capacity to 12.5 million b/d in the last decade and is stopping there, at least for now. Kuwait's plan to add 1 million barrels per day to capacity, taking it up to 4 million barrels a day, has proved more challenging than anticipated, both technically and politically.



KATE DOURIAN

*KATE DOURIAN is Senior Editor at MEES, a weekly publication that is focused on energy and economic analysis. Kate has been published widely on energy matters. She is a regular commentator on radio and television on energy matters. Which include appearances on BBC television and radio, CNN, Al-Arabiya and CNBC.*

*She started her career as a journalist in 1980. She joined the Associated Press in Beirut in 1980 as a correspondent. After three years, covering mainly the war in Lebanon, the assassination of Muhammad Anwar El-Sadat in Egypt and the Israeli invasion of Lebanon, Kate moved to Reuters, where she spent seventeen years working first as a correspondent in Beirut, then on assignments in Cairo, London and finally in Morocco, where she was the First Bureau Chief. She left Reuters in 2000 and joined Platts, the energy information division of the McGraw-Hill Companies, where she was Editor in Chief for the Middle East covering energy developments throughout the Gulf and North Africa until May 2013.*



Kuwait's oil ministry recognizes that the development of heavy oil fields in the north will require the help of the international oil companies. This, however, will require parliamentary approval which is far from guaranteed. The UAE is also planning to raise its production capacity to 3.5 million barrels a day by the end of the decade though some targets have slipped.

Another complication in deciding just how much investment will be needed is the divergence between the long term outlook for demand in the projections of the IEA and OPEC. The IEA sees oil demand growing to 103.9 million barrels a day by 2040 from 90 million barrels a day in 2013. OPEC will need to produce 6 million barrels a day more after 2020 to meet its share of this demand growth, it says. OPEC, on the other hand, is more bullish, projecting demand growth to 111.1 million barrels per day. The IEA and independent analysts expect the bear market to continue in the near term as a result of uneven economic growth across the globe and the current oversupply in oil markets. The leading international banks have already lowered their oil price forecasts in the short term to levels closer to \$ 85-\$ 90 per barrel. Deutsche Bank, for example, lowered its forecast for Brent crude to an average \$ 89-\$ 90 per barrel until 2018. It also cut its long term estimate to \$ 90 per barrel from \$105.

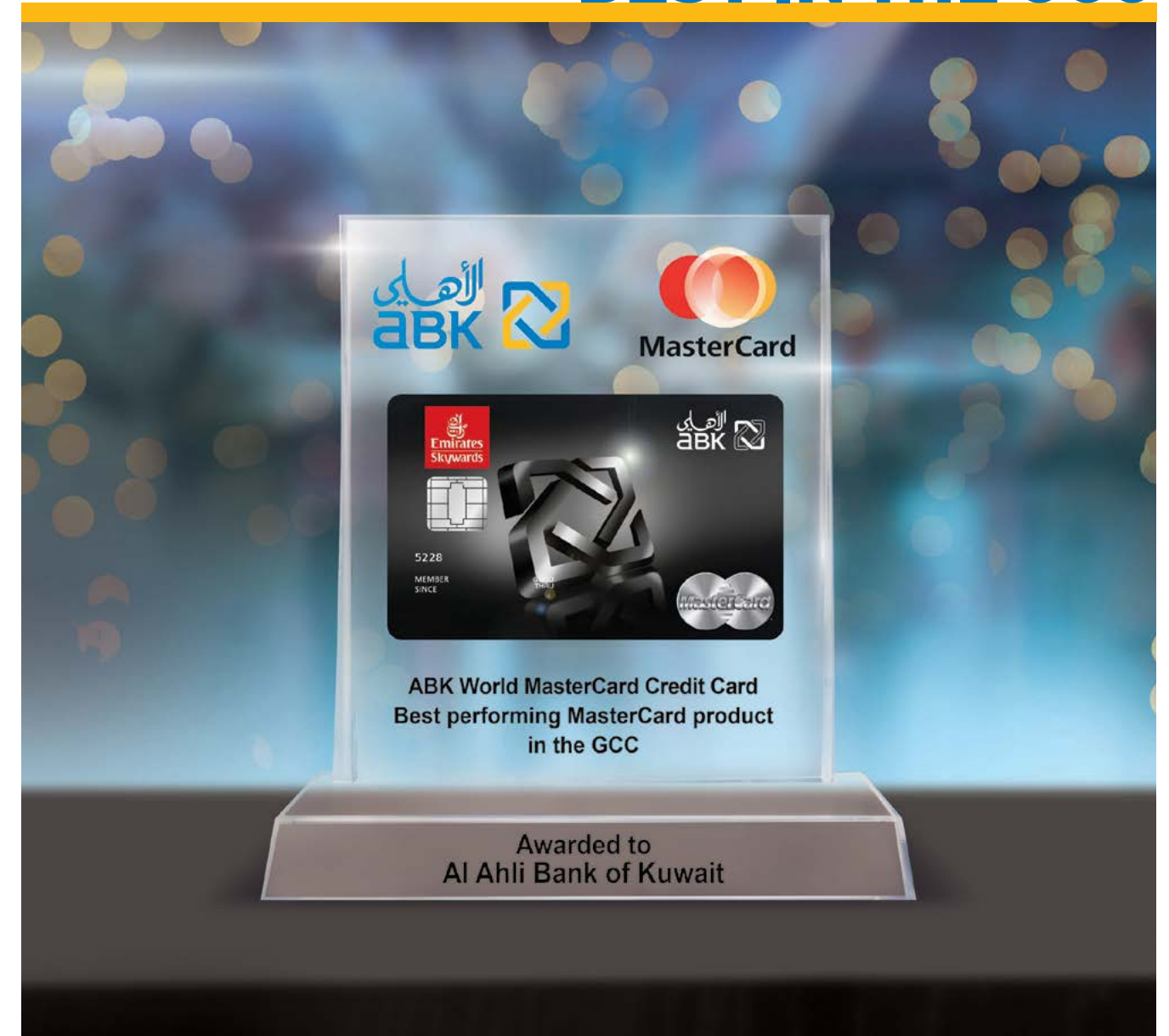
It is worth noting that these forecasts are being revised down in line with weaker current oil prices. But low oil prices are not necessarily all bad. "The best cure for low oil prices is low oil prices," is an industry mantra. Commodities' price movements tend to be cyclical and the energy industry is a long haul business. The International Monetary Fund makes the point that the decline in oil prices will boost global growth though the impact will be universal. A respite from high oil prices will improve the external positions of net oil importers though they pose an additional downside risk for producers in emerging economies where growth is decelerating.

The challenge is to find a balanced approach that will encourage oil producers to invest in new capacity without prejudice while meeting climate change objectives and adapting to what might be a sustained period of low oil prices. Current known oil and gas resources are abundant even without major new discoveries but they will be more costly and difficult to produce. This means the international oil companies with their superior technology and the main resource holders in the Middle East, the national oil companies, or NOCs, will have to lock arms and find a way to get the oil and gas out of the ground to supply future generations.



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# KUWAIT'S OIL AND GAS MARKET BUOYANT

After years of stagnation, the oil and gas industry in Kuwait has turned a corner. Over USD 23 bn has already been awarded with billions more in the pipeline. These developments have created a buoyant mood. After years of political turmoil and delays, Kuwait is now the biggest spender in the sector in the GCC.

by KEVIN BAXTER



KEVIN BAXTER

*Kevin Baxter has been Energy and Industries Editor at MEED since 2010. He provides business intelligence and world leading exclusive content to the Energy business community. He is specialized in energy analysis and economic alongside market forecasting. Particularly in the GCC sector and Saudi Arabia in particular. Prior to his role at MEED, he worked for Arabian Oil and Gas and The Times of London.*

After several years of procrastination and stagnation, Kuwait's hydrocarbons project market sprang into life in 2014 with almost USD 23bn worth of projects awarded across various oil and gas sectors.

The largest by far were the USD 12bn-plus worth of projects that make up the long awaited Clean Fuels Project (CFP), the huge refinery project being executed by the state refinery Kuwait National Petroleum Company (KNPC).

The CFP has been designed to revamp three of Kuwait's existing refineries to improve their efficiency and meet higher international fuel standards. About 23 per cent of Kuwait's exports are made up of refined products such as gasoline, diesel and jet fuel and all of these are subject to increasingly stringent standards regarding pollutant content.

The scheme involves upgrades and expansions of the Mina Al-Ahmadi and Mina Abdullah refineries to increase their combined capacity to 800,000

barrels a day (b/d), from 736,000 b/d currently. The Shuaiba refinery, which sits between the two, will be retired as its rehabilitation has been deemed economically unfeasible.

The scheme will be followed by the construction of a USD 15bn New Refinery Project (NRP), a facility built to replace Shuaiba.

**“THE NEW REFINERY PROJECT INCLUDES THE CONSTRUCTION OF THE LARGEST REFINERY EVER BUILT IN A SINGLE PHASE”**

The NRP involves the construction of a 615,000 b/d refinery at Al-Zour in the south of Kuwait. The new facility would be the largest refinery ever built in a single phase and is intended to supply low-sulphur fuel oil for power generation

across the country. The CFP and NRP have been on the table since 2007 when it became apparent to KNPC that its existing refineries, the youngest of which was commissioned in 1968, were in dire need of modernization and rehabilitation.

The packages:

Mina Al-Ahmadi – USD 4.8bn: JGC Corporation (Japan)/SK Engineering & Construction (South Korea)/GS Engineering & Construction (South Korea)

Mina Abdullah 1 – USD 3.74bn: Petrofac (UK)/Samsung Engineering (South Korea)/CB&I Lummus (US)

Mina Abdullah 2 – USD 3.4bn: Fluor Corporation (US)/Hyundai Heavy Industries (South Korea)/Daewoo Engineering & Construction (South Korea)

A combined budget of over USD 30bn was mooted and KNPC even went as far as to award engineering, procurement and construction (EPC) contracts for the CFP.

However, in 2009, as the global financial crisis drove oil prices down to USD 32 a barrel, Kuwait decided to shelve both schemes. It is likely that 2008/2009 will go down as one of the worst periods in the history of Kuwait's hydrocarbons sector with a combined USD 50bn-plus worth of deals going to the wall. As well as the CFP and NRP being postponed, a USD 17.5bn joint venture between Kuwait's Petroleum Industries Corporation (PIC) and the US' Dow Chemical.

**“THE COLLAPSE OF THESE MEGA PROJECTS WAS FOLLOWED BY A COMPLETE SHAKE UP OF THE K-COMPANIES AT THE CEO LEVEL”**

The fall-out from the collapse of these huge projects has been severe and resulted in Kuwait having to pay Dow Chemical USD 2.2bn in compensation in mid-2013 after several years of arbitration with the International Chamber of Commerce.

This was swiftly followed by Kuwait's oil sector undergoing a massive shake-up as Farouk Al-Zanki, the Chief Executive Officer of Kuwait Petroleum Corporation (KPC), was removed from his post, along with almost all of the firm's senior executives.

The reshuffle was almost certainly triggered by the Dow Chemical compensation decision and Oil Minister Hani Hussein was given the choice of resigning or facing questions in parliament over the ruling. He chose to resign. Mustafa al-Shamali, the former finance minister, was appointed acting oil minister to replace Hussein, while Nizar Al-Adsani was selected to head KPC.

Despite the chaos of mid-2013, it is clear that the reshuffle worked. Despite being viewed as extremely drastic at the time, it allowed Kuwait's hydrocarbon to start afresh and the USD 22.6bn that was lavished on projects in 2014 proves that it was needed.

To put some perspective on the sheer scale of the project awards made in





2014, Kuwait only spent USD 7.1bn combined for the previous five years of 2009-2013. However, with oil prices falling to six-year lows in early 2015 some industry sources are worried that the knock-on effect of that could slow down some of Kuwait's hydrocarbon projects. "There are several historical precedents that prove that the oil prices falling usually spells bad news for the larger projects in Kuwait," says a Kuwait-based oil consultant. "Whether this will be the case in 2015 is a question many would like answered sooner rather than later."

Mohammad Ghazi Al-Mutairi, CEO of KNPC, recently said that some non-essential projects at pre-construction phases could be slowed down due to the low oil prices. According to the official, a review will be carried out to determine which projects will be affected. The review with judgments on project approval being made on an individual basis with reference to refining margins.

He also stressed that KNPC's strategically important schemes, such as the Clean Fuels Project (CFP), the Al-Zour refinery and plans to build a new liquefied natural gas (LNG) import terminal in the Al-Zour area, will not be reviewed or put on hold.

"The biggest challenge [for KNPC] going forward is the stability of the market," he said. "What is very important is both the crude market and the refined product market."

**“BILLIONS PROMISED ARE NOW BEING SPENT IS A SIGN THAT THE MARKET HAS COMPLETELY TURNED AROUND AND IS OVERTAKING AS THE GCC'S LARGEST SPENDER IN THE SECTOR”**

There will be a review. There will be screening for projects. [If refining margins shrink], the more important projects will [still] move [ahead]. The less important projects will see delays."

"The government is committed and KNPC is committed, and we are moving forward with the LNG import facilities and the Al-Zour refinery," said Al-Mutairi. Kuwait has started the year positively by awarding the UK firm Petrofac and Athens-based Consolidated Contractors Company (CCC) the EPC contract for the Lower Fars heavy oil (LFHO) development project, with a bid of USD 4.3bn. The single EPC tender is for the first phase of the project's development and includes the construction of a steam injection facility, production facilities, a support complex, tank farms and a 270,000 barrel-a-day (b/d) pipeline to transport the heavy crude to the planned new refinery at Al-Zour in the south of Kuwait.

The project will go some way to alleviating fears about projects slowing down in Kuwait and will be offered as proof by the KOC that the country is committed to maintaining its oil and gas project spending in the face of falling oil prices.

While there is no question that Kuwait has turned a corner and is now starting to invest huge sums in its most important sector, there are still some to be convinced that all of the flagship schemes will be executed on schedule.

The CFP is likely to be one that does go ahead to budget and to the agreed timeline only because it is so essential for the work to be done in order to export the product slate from each facility.

However, there could be some reluctance to invest an equally huge sum only a year after the CFP, which could mean the NRP is delayed until there is more stability in the oil price.

Despite the concerns with lower oil prices, there is no question that Kuwait's hydrocarbons project sector came alive in 2014 after years of uncertainty. Low oil prices may slow down progress slightly in 2015, but a clear strategy now seems to be in place and the future looks far more positive today than it did 12 months ago.



# ISLAMIC BANKING

A MORE ETHICAL BANKING OPTION

It is one of the most successful methods of banking in the GCC, but what is Islamic banking? Where did it originate and can it compete with conventional banking? What are the main trends for the next five to ten years and how will new technology affect this traditional way of banking?

Special Report by ELSA MCLAREN, The Correspondent

Islamic banking is not a new concept. Interest in Sharia-compliant banking dates back to the 1950s, but it was not until the 1970s that Islamic banks started to take root, opening in the UAE, Kuwait, Bahrain, Egypt, Saudi Arabia and Sudan. Islamic banking is based on the principles of Sharia which prohibits the payment or acceptance of interest charges for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered against Islamic values.

Throughout the 2008-2009 global financial crisis, Islamic banks proved to be more resilient than conventional ones. While their growth slowed, Islamic banks were still able to increase shareholder wealth by improving equity positions and generating profitable returns. As a result, Islamic banking has become more popular with non-Muslims searching for a more ethical

banking option. Today, Islamic financial institutions operate in more than 58 countries. Islamic banks offer a range of products for both retail and wholesale markets and a series of financial instruments have been developed to help financial institutions manage liquidity. In some Muslim-majority markets, the share of Islamic assets is greater than conventional banking, with Saudi Arabia's assets at 52%, and there is strong potential for future growth given population growth and rising incomes.

Yet, there is still a long way for Islamic finance to go before it can compete with conventional banking. Globally in 2013, according to Thomson Reuters, conventional banking assets accounted for an estimated USD 123.7 trillion, while Islamic banking assets only amounted to USD 1,320 billion, or less than 1% of global assets.

Over the next five to ten years, the main trends and growth in Islamic banking will come in the use of new technology and mobile banking, which is becoming increasingly important for today's retail customers. If done properly, by applying best international practices and adapting the technology to suit their customer base, this can be a major growth driver for Islamic banks.

Successful Islamic banks will also seek to expand out of their domestic markets into countries like Turkey, Pakistan and Indonesia, to tap into the opportunities of their un-banked populations. Likewise, mergers and acquisitions will develop the industry by creating mega-Islamic banks that can compare with major global high street names, such as the recent three-way merger between CIMB Group Holdings, RHB Capital and Malaysia Building Society, valued at USD 22.3 billion that created Malaysia's largest bank by assets.



# CAPITAL WINDS OF CHANGE SWEEP ACROSS KUWAIT

With the minimum capital requirements for Kuwait banks increasing as of 01 January, 2015, we take a look at Basel III and what it means for the banking sector.

by ELSA MCLAREN, The Correspondent

Dr. Mohammad Y. Al-Hashel

Governor and Chairman of the Board of Directors,  
Central Bank of Kuwait



## ELSA MCLAREN

*Elsa McLaren has worked as a journalist in the UK and GCC for over 10 years. Currently based in Dubai, she writes about business news, specifically trade, African investment and Islamic finance.*

Kuwait has been proactive in introducing banking regulations to mitigate potential risks; possibly a lesson learned from the global financial crisis of 2008 and 2009, which saw the country's banking system suffer a severe drop in liquidity and asset values. Since 2012, Kuwait's banking sector has stabilized and seen steady growth, with total assets of local banks worth \$ 190.2 billion at the end of the first quarter of 2014, up from \$ 181.1 billion at the end of 2013 and \$ 158.6 billion at the end of 2012, according to Oxford Business Group.

In February 2014, the Central Bank of Kuwait (CBK) announced the

implementation of Basel III capital regulations for conventional and Islamic bank segments.

The announcement raises the minimum capital adequacy ratio requirement for Kuwaiti banks from 12 per cent in two stages, to 12.5 per cent in 2015 and to 13 per cent by 2016. Basel III is a comprehensive set of reforms, developed by the Basel Committee on Banking Supervision, to strengthen regulation, supervision and risk management following the devastating impact of the global financial crisis.

Released in 2010, it complements the forerunners, Basel I and Basel II, by demanding higher capital requirements on banks especially for Tier 1 capital (Total Common Equity), increasing the capital charge for derivatives and securities transactions (trading book exposures), increasing liquidity coverage ratio and changing the definitions of capital.

CBK was one of the first to implement Basel II and so its progression to adopt the latest accord is a natural one. In a statement, the CBK Governor Dr. Mohammad Y. Al-Hashel, said: "The CBK is constantly upgrading its regulatory tools in line with best practices so as to reinforce banks' resilience to financial shocks, whilst capitalizing on well-balanced and gradually introduced regulatory policies that aim to strengthen the banking and financial system, without negatively affecting economic growth." The adoption of Basel III will require banks to increase their equity capital by at least 25 per cent, an additional 40 per cent liquidity buffer and extra 10 -15 per cent stable funding over current requirements.

Dr. Sultan Emir Hidayat, writing in the ICD Thomson Reuters Islamic Finance Development Report 2014, says: "The more stringent liquidity requirements may also have a direct impact on banks' incomes since more investment in liquid assets means lower incomes. The implementation of Basel II will also add compliance costs by 30-50 per cent." For Kuwait's growing Islamic banking sector, Basel III regulations pose an additional problem as the accord does not take into consideration the different financial structure of Sharia-compliant institutions. Although these regulations require substantial work at local level, they represent an opportunity for Kuwait's banking sector.

A study by the management consultancy firm Strategy&, formerly Booz & Company, said that Basel III, with its higher capital requirements and more stringent definitions of capital, forces banks to examine their capital allocation and deploy their capital more strategically.

The accord will also strengthen investors' confidence in Kuwait

banks and lead to profitable and well-managed growth in the financial services sector. In addition to Basel III, CBK is taking steps to increase competition in the banking sector by allowing foreign banks to open multiple branches in the country.

Currently, a total of 12 foreign banks operate in the country, including National Bank of Abu Dhabi, Qatar National Bank, Citigroup and HSBC. However, according to a source from Union National Bank, the Kuwaiti sector remains restricted and less profitable when compared to the UAE, which is where, he said, the bank will focus its efforts in the short-term. Yet, the regulatory steps being implemented in Kuwait are largely welcomed by the banking sector and point to a longer-term strategy to increase competition, implement international best practice and attract new expertise to the market, helping to ensure the country's banking sector is better insulated against any future external shocks.





# A GREENER GRASS IN KUWAIT

How a drought in California is inspiring the Gulf State to use a new technology.

by The Correspondent

While Gulf states have always known the perils of desertification and the high cost of supplying potable and non-potable water, over 12,500 kilometers away on America's once famously fertile West Coast, Californians now face a similar problem.

In 2013, California saw the driest calendar year in 119 years; by January 2014, the situation was so severe that California State Governor, Jerry Brown was obliged to declare a drought State of Emergency. Scientists are now warning that California may be facing a century-long 'mega-drought', the economic consequences of which make grim reading. California relies on its groundwater to get it through lean times, and since the state hasn't been replenishing the water tables during years of excess, the situation gets worse when the water is scarce. According to estimates, during last year alone, California may already have lost over 17,000 jobs and \$2.2 billion in revenue because of water shortages. Already hit by the 2008 recession and huge rise in foreclosures, Californian realtors were finding it hard to make house sales as formerly verdant areas of front garden went from lush green to brown scrub. Golf courses, parks and sports fields all suffered equally. Then Shawn Sahbari arrived on the scene. Sahbari worked with Green Polymer Systems (GPS), a

company founded by pioneers in green technology. GPS boasts over two decades of expertise in the field, including development of proprietary materials with US and global patents and trademarks. At the heart of GPS was the idea that they needed to be "benign-by-design", creating products that are good for the environment and consumers alike. "Grass was the first victim of California's housing crisis" he says. Realizing that many people wanted to find a way to keep lawns green without wasting water, Sahbari and his team took 18 months to come up with a novel solution, an eco-friendly water-based green colorant that could transform grass without causing harm. Not long after, his company Green Canary, was born.

**WE ENGINEERED IT SO THAT THE PRODUCT IS KID-FRIENDLY AND PET-FRIENDLY.**

Green Canary uses an eco-friendly, aqueous and organic pigment system to coat lawns, a solution that also suppresses weed growth in a way that is not toxic to the planet, people or pets. Green Canary spray transforms dead and dormant lawns to give a lush, healthy grass look - and it doesn't require irrigating to keep green. "This is environmentally sound," assures Sahbari, who is Green Canary's president.



Grass painting has gained popularity in recent years mainly as a temporary solution for coloring dormant or dry grass in the off-season. However Sahbari claims the product is much more than a temporary dye. Green Canary's exclusive aqueous polymer system is formulated to last 50% longer than conventional grass paint products. Customized treatments are offered for aesthetic improvement, water conservation, weed growth control as well as other surface treatments for concrete, wood, and stone. When properly applied, Sahbari says Green Canary can provide the added benefit of preventing weeds and unwanted growth.

This can reduce many man-hours of weeding and the cost of chemical treatment throughout the year. The company also says that Green Canary can reduce traffic from deer, rabbits, and other wild animals attracted to unwanted vegetation. Other attributes of Green Canary include fire prevention and separation for structures in areas of high density field growth. Currently under evaluation are erosion control assessments

A PROJECT WELL DONE FOR GREEN CANARY IN ONE OF THE MOST RECOGNIZED GARDENS IN KUWAIT

in sloped applications. Usually applied and completed in under a few hours, the formulation can be used for residential and commercial applications. At the same time it helps to mitigate seasonal allergies associated with wild plant growth. Ultimately the product's inventors say it offers significant cost reduction over traditional lawn care. Now Shawn Sahbari is looking further afield. A large part of Kuwait is desert which suffers from some of the highest temperatures on the planet in summer. Just as in California, lush greenery is a luxury in this part of the world.

Shawn Sahbari believes that Kuwait stands to gain from Green Canary. He has visited the Gulf state to look for opportunities and was able to sign an exclusivity deal with Al Hamy International, a general trading and contracting company based in Kuwait. Al Hamy International is now the exclusive agent for Green Canary in the GCC. "While some people pay a lot for man-made turf here, Green Canary can transform a garden at a fraction of the cost

**GREEN CANARY™**  
"where magic is done, Naturally"

of plastic turf. It is an immediate solution and lasts up to three months if applied correctly and will enhance any patch of dead or dormant grass" he says with confidence. In fact, Green Canary has proven effective in reviving aged artificial turf that has been exposed to extreme climate for extended periods. While Sahbari is an environmentalist at heart, he is also a realist. "Water will run out before energy" he warns. "We will all need to find new ways to save water and even replace it" he urges. The education of the next generation of environmentalists is core to this. Over the last few years, California has brought in draconian legislation to enforce water conservation. A new slogan has emerged, it reads 'Brown is the new Green'. In Kuwait, people joke that bottled water is more expensive than the locally-drilled petroleum, in truth it underlines how precious the commodity is in a region that sees nominal precipitation annually. What is certain is that wherever Green Canary goes, the landscape will be looking a whole lot better.

[www.green-canary.com](http://www.green-canary.com)



Shawn Sahbari has over 25 years of experience with high purity, electronic chemicals, and specialty materials, having started and co-founded multiple companies in Silicon Valley. He holds a BS degree with distinct Honors in Aerospace Engineering from SJSU, and has completed executive MBA courses through UC Berkeley. His pioneering work with new materials and benign-by-design green chemistry led him to contribute to ex-California Governor, Schwarzenegger's, Green Chemistry Initiative where he provided direction in Green Chemistry and alternative material lifecycle management techniques.

Mr. Sahbari also served on the White House Round Table Green Product Group and has served as the Executive Vice President of Rohm & Haas' (now Dow Chemical) specialty electronic materials group, and also as the Director of Kanto Chemical. His broad global knowledge has led him to steer start-ups and Fortune 500 chemical companies to leadership positions in many markets.

He is also a senior technical advisor to the International Water Stewardship Committee for the cradle-to-cradle innovative product institute. He is the founder of Green Canary, an eco-friendly aqueous solution designed to enable water conservation and improve the aesthetics of grass lawns.





STAR ALLIANCE

<b>ADRIA</b>	<b>AEGEAN</b>
<b>AIR CHINA</b>	<b>AIR CANADA</b>
<b>AIR INDIA</b>	<b>AIR NEW ZEALAND</b>
<b>ANA</b>	<b>ASIANA AIRLINES</b>
<b>Austrian</b>	<b>brussels airlines</b>
<b>CROATIA AIRLINES</b>	<b>EGYPTAIR</b>
<b>Ethiopian</b>	<b>EVA AIR</b>
<b>LOT POLISH AIRLINES</b>	<b>Lufthansa</b>
<b>SINGAPORE AIRLINES</b>	<b>深圳航空 Shenzhen Airlines</b>
<b>SAS Scandinavian Airlines</b>	<b>SOUTH AFRICAN AIRWAYS</b>
<b>SWISS</b>	<b>THAI</b>
<b>Copa Airlines</b>	<b>TURKISH AIRLINES</b>
<b>TAP TAP PORTUGAL</b>	<b>Avianca</b>

## A CAPITAL CONNECTION

In October 2006, United Airlines launched its successful Kuwait City-Washington/Dulles service, and since then has responded to increasing demand for travel to the United States from the Middle East, introducing Dubai-Washington/Dulles service in October 2008, followed by Bahrain-Washington/Dulles flights in April 2010.

This direct service to United's Washington Dulles hub provides an important and convenient link between the U.S. and the Middle East, holding great potential to open up many business opportunities. As the capital of the United States, Washington, D.C. is home to the federal government and is the country's fourth largest metropolitan economy. Furthermore, the city's iconic architecture, world-class museums, distinctive neighborhoods and spectacular cherry blossom season make Washington D.C. a top destination for leisure travelers, attracting visitors in their millions every year.

For Middle Eastern travelers, United offers the fastest route from the region to many parts of the United States. United serves more than 300 destinations throughout North, Central and South America and the Caribbean, including more than 80 non-stop flights from Washington/Dulles, providing customers with fast and easy connections. "United is committed to serving the Middle East and we

are proud to offer services from Dubai, Kuwait City and Bahrain" said Robert Humphries, Managing Director Sales, Middle East, Africa and India. "United flights offer fast access for our Middle Eastern customers to the most popular tourism and business destinations in the U.S. as well as unparalleled connectivity to cities throughout the Americas."

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them to the waiting Mercedes-Benz vehicle and drive them across the tarmac to the connecting flight, improving the travel experience and saving valuable time.

United's membership of Star Alliance, the world's largest and most comprehensive airline alliance, offers additional benefits to customers, including an increased choice of connections, a broader network of destinations, access to more airport lounges around the world and an even more valuable frequent flyer program. United can take Middle Eastern travelers almost anywhere they want to go, and if they can't, one of their Star Alliance partners probably can, with over 18,521 daily flights to over 1,321 airports in 193 countries.







SALMAN ZAFAR

Salman Zafar is an expert in waste management, environmental conservation, renewable energy and sustainable development in the Middle East. He is the Founder of EcoMENA, a Doha-based popular voluntary initiative, to promote sustainable development and create mass environmental awareness in the Middle East. In addition, he is the CEO of BioEnergy Consult, a reputed waste management and biomass energy consultancy firm.

He is a prolific writer and has authored numerous articles in journals, magazines and newsletters on waste management, renewable energy, conservation and environmental issues. Salman holds Masters as well as Bachelors degrees in Chemical Engineering. [www.ecomena.org](http://www.ecomena.org)

# KUWAIT IN CLIMATE CHANGE SPOTLIGHT

Climate change is threatening Kuwait's low-lying infrastructure as well as the deterioration of groundwater quality and the coastal ecosystems. Inundation will severely affect cities, roads, agricultural areas, as well as beaches and salt marshes across Kuwait if nothing is done to protect the country from these rising threats.

by SALMAN ZAFAR, The Correspondent

Kuwait is facing a wide range of climate change challenges including sea level rise, water scarcity, desertification and loss of diversity. Kuwait is characterized by high temperature, high humidity and arid lands resulting in seriously degraded soil and land damage; in addition to salt intrusion in the aquifers affecting the small scale agricultural lands, thus enhancing the food security threat in the region. Kuwait is also highly susceptible to climate change due to its total dependence on oil exports. Since 1975, Kuwait has experienced 1.5C to 20C increase in temperature, which is significantly higher than the global average. In recent years, there has been a sharp change in rainfall pattern in Kuwait, which may be attributed to climate change impacts. The country used to experience 125mm of average rainfall each year, which has now been replaced by sudden spells of rainfall and long intervals of



dryness. In addition, there has been a marked increase in dust storms in the last few decades, which are noticeable signs of change in climatic conditions in Kuwait and neighboring nations. In 2008, Kuwait had the worst ever reported summer since 1991 with increase in intensity and frequency of dust storms.

## Rise in Sea Level

In Kuwait, most of the population and critical infrastructure is located along the coastline which extends over more than 350kms. One of the main climate change impacts is sea level rise on coastal areas of all Arabian Gulf states.

Kuwait is highly vulnerable to the impacts of sea level rise as it could lead to severe impacts on industrial and socio-economic development. Climate change-induced sea level rise may lead to flooding of low-lying urban infrastructure, inundation of coastal ecosystems and deterioration

of groundwater quality. Inundation could severely affect cities, roads, agricultural areas, as well as beaches and salt marshes across Kuwait. In the absence of reinforcement measures on Kuwait's coastline, there is real likelihood that it would be damaged and altered from rising sea levels caused by climate change. Among the most vulnerable sites in Kuwait are Bubiyan Island, Qaruh Island and Al-Khiran which are in real danger of disappearance on account of any potential sea level rise. Even the all-important Gulf Road may face flooding if the sea level rise exceeds more than one meter.

## Water Availability

Kuwait is vulnerable to reductions in water supply. Continued use of non-renewable water is a major factor in depleting groundwater reserves in Kuwait and puts it at serious risk of climate change impacts. Being a highly water-scarce country, Kuwait is heavily

dependent on desalinated water and fresh groundwater to meet drinking water needs. On a per capita basis, Kuwait has one of the highest per capita water consumption worldwide, apart from having the world's highest per capita production of desalinated water. Brackish groundwater and reclaimed wastewater are used in agriculture and industrial applications. Desalination accounts for half of the water supply in Kuwait. Overall water consumption reached 1,202 million cubic meters in 2011 with household and agricultural sectors dominating Kuwait's total water demand. Water resource management is a huge challenge for Kuwait as its per capita natural water availability is lowest in the world. With climate change, it is expected that balancing water supply and water demand will become an even greater challenge. Extraction of water from deep aquifers in Kuwait is a matter of serious concern as freshwater supplies are non-renewable





and have been severely depleted due to over-pumping, over-exploitation and unsustainable water policies. Over-pumping of groundwater has led to water quality degradation mainly due to salts and other pollutants. Meanwhile, Kuwait is also facing changes in climatic conditions, such as rainfall patterns which affect the water cycle and limit natural groundwater recharge.

#### Biodiversity

Kuwait is endowed with rich biodiversity of terrestrial flora and fauna, however the potential loss of terrestrial and marine biodiversity due to climate change is a major concern in Kuwait. Desert areas contain many species of annuals, which make up about 90% of plant species of Kuwait. Kuwait is also endowed with rich marine biodiversity. Many endemic species can be found, including crabs, which are found on biota-rich intertidal Sabkha zones. For the marine environment, the Arabian Gulf's relative shallowness supports a number of highly productive coastal habitats, including intertidal mudflats, sea grasses, algal beds, mangroves, and coral reefs, together with a wide variety of fish species, some of which are endangered. With climate change, these species, such as migratory birds and dugongs would be adversely affected. An increase in seawater temperature will affect the reproduction period of fish and shrimp and may result in large-scale migration of fish to other areas

which will have serious repercussions for the fish industry in Kuwait and neighboring countries. Erratic rainfall and sand encroachment may lead to loss in plant cover thereby causing runoff and flooding. Climate change will affect biological, biogeochemical and hydrological functions of wetlands in Kuwait. Economically and ecologically important coastal ecosystems are significantly damaged by the effects of climate change, such as sea level rise, changes in atmospheric temperature and variation in the rainfall patterns, as experienced in Kuwait. The greatest impacts of climate change on aquatic ecosystems in Kuwait would be the worsening of already existing stresses resulting from anthropogenic activities.

#### Agriculture

Agriculture production is directly dependent on climate change and weather. The possible changes in temperature, precipitation and CO<sub>2</sub> concentration are expected to significantly impact crop growth. The potential of agricultural development in Kuwait is very limited, as less than 1% of the land area is considered arable. Moreover, only a portion of arable land area is actually cultivated due to hyper-arid climate, water scarcity, poor soils, and lack of technical skills. Because of the nature of the terrain and water scarcity, it is quite difficult to put new land into agricultural production. Interestingly, agriculture consumes around one-third



of groundwater but accounts for less than 5 percent of the GDP.

#### Conclusion

Kuwait is both physically and biologically threatened by the global warming phenomenon. Over the next few decades, Kuwait could be potentially facing serious impacts of climate change in the form of floods, droughts, depletion of aquifers, inundation of coastal areas, frequent sandstorms, loss of biodiversity, significant damage to the ecosystem, threat to agricultural production and outbreak of diseases. There is an urgent need to implement climate change mitigation and adaptation measures, and prepare a strong framework for socio-economic development which may be sustainable in the long-run.



“True art is all about”  
creativity



A portrait of a woman wearing a white hijab and a black and white patterned blazer over a blue top. She is smiling slightly and looking towards the camera. The background is a colorful, abstract painting with various geometric shapes and colors like orange, yellow, blue, and red.

# PIONEER OF THE OIL & GAS INDUSTRY

Interview by MARYANN HORNE  
Photography by KATIE DELANEY-GRAVES





**SARA AKBAR** is a woman born to lead. Today, she is one of the most well-known faces of business success in the GCC. The mother of three is revered across the Arab world and beyond for her courage and entrepreneurial flair. Her heroism has earned her global awards and accolades, some from the United Nations. In 2009, she was named "Leader in Energy", for being the first and only woman leader in oil and gas within the Middle East. In 2013, she won the esteemed Charles F. Rand Memorial Gold Medal and last year Arabian Business placed her amongst the top 100 most influential Arab women in the world. As her industry is once again thrown into the spotlight, she speaks exclusively to The Correspondent about geopolitics, the challenges of success and what to make of the current developments in Iraq, Yemen and Egypt.

**T**here are those who sit and watch. There are many who act. And there are the very rare, who trail-blaze. They are the first in everything. Sara Akbar has been one of the acclaimed Kuwaitis to stride forward in her profession as the first female Kuwaiti field oil engineer. Years later, she continued to pioneer by leading the way in regions where most companies only dream about. From Iraq to Egypt, Yemen to Afghanistan, Kuwait Energy has been pushing the boundaries with Sara Akbar at its helm. But what are the risks involved in working in such countries, how will the recent drop in oil prices affect geopolitics and how easy is it to be a woman in this essentially male arena? The CEO of Kuwait Energy shares her views exclusively with The Correspondent.

**THE CORRESPONDENT:** WHAT ARE YOUR VIEWS ON THE FALL IN OIL PRICES AND HOW WILL THIS AFFECT THE MARKET LONG-TERM?

**Sara Akbar:** It's a confused market at the moment. There isn't a single person who knows how oil prices will act. Our business has been so cyclical in the past and there is no reason why it will stop being so. The cycle begins with high price due to

big investments in the sector leading to oversupply then a sharp drop leading to big cuts in investment, which leads to dramatic decline in spare capacity which in turn leads to price escalation. This has been the story in the past and it is indeed the story today. The question is how long or short is this cycle, I think that's where the confusion is. OPEC thinks it's a year, some think it will take more time, that is what the confusion is all about. In this environment, we at Kuwait Energy have to do just like every other oil company, conserve the cash and manage the investment to ensure the continuity of the business and the execution of our strategic projects.

**TC:** THE REPUTATION OF THE MIDDLE EAST IS AGAIN BEING TARNISHED BECAUSE OF WHAT IS HAPPENING IN IRAQ AND YEMEN. YOU WORK IN THOSE REGIONS, WHAT IS THE REALITY ON THE GROUND?

**SA:** What is important for people to understand is that oil is not purely a commodity. It's a strategic commodity that every country needs, especially those countries whose economies depend upon oil. So, whatever happens in terms of unrest and security, oil and gas has to continue to flow. Despite changes of regime, oil still needs to flow because it

supports the economic needs of the country regardless of the regime in power. As a company, we need to be extremely alert at all times to ensure the security of our staff and operations. We have to constantly have our ear to the ground and obtain the best information to understand how to manage our situation and security.

**TC:** WHAT ABOUT THE LONG TERM?

**SA:** Security and stability will come to the region. We have no alternative. I don't know how long it will take and how many casualties there will be on the road, I really don't know. It is a road paved with a lot of uncertainty but eventually this shake-up of the systems will generate a lot of good for the region. Just watch what's happening in Egypt and you will see it in the eyes of the people on the streets, you see the hope in their eyes and smell the winds of change which drives the Egyptians to want to do more and change the country for the better. So in short, there are good prospects for prosperity in every part of the Middle East but we are going through the transition and it is indeed a painful one. As for the oil and gas sector, the region is blessed by being the lowest cost producer in the world, which means that the last barrel of oil will be produced from



THE SHAKE-UP  
OF THE  
SYSTEMS  
IN THE  
REGION WILL  
GENERATE  
GOOD





this part of the world. The region will continue to be the centre of gravity for oil and gas for many years to come and under all price scenarios the oil will continue to flow from this part of the world. That's why this commodity will be strategic in this part of the world and it will be the commodity that will help bring stability to the region in the future as well.

**TC:** YOUR BACKGROUND IS IN THE GOVERNMENT SECTOR IN OIL AND GAS IN KUWAIT. WHAT IS YOUR ADVICE TO COMPANIES IN THIS SECTOR?

**SA:** Companies have to be very patient, stick to their ethics, stick to their best practice and eventually they will get there.

**TC:** THE SECTOR APPEARS BUOYANT?

**SA:** Massive contracts are being awarded in Kuwait in all sectors, including upstream, downstream and midstream. I believe USD 40 billion worth of contracts are

being signed over this year. This is excellent news for Kuwait. Some of them are really essential for the country. Kuwait will not be able to market its products if it doesn't execute the clean fuels project. Your products will be discounted heavily. So some of these have huge returns for the country and they have to be executed.

**TC:** WHY DO YOU BELIEVE THESE CONTRACTS ARE ABLE TO GO AHEAD?

**SA:** Kuwait Petroleum Company has the right management at the helm to push for all these projects and execute them successfully. I'm not only supportive of them but also optimistic.

**TC:** THE RECENT MONTHS HAVE BROUGHT A LOT OF SUCCESSES FOR KUWAIT ENERGY. WHAT'S YOUR STRATEGY FOR THE NEXT FIVE YEARS?

**SA:** We will focus our attention and grow our business in the same areas,

we are currently in: Iraq, Egypt, Yemen and Oman. We hope to have something in Kuwait if the opportunity arises but we want to grow the business and focus on the development of the largest discovery we have now in Block 9. We are going to put a lot of our effort, our capital, both financial and human, into developing this project to its optimum potential. Currently with the oil prices and current security situation in our core countries, there are fantastic opportunities for companies like ours.

**TC:** WHAT'S YOUR VIEW ON WHAT'S HAPPENING IN IRAQ WITH ISIS?

**SA:** ISIS is a complete drain on Iraq's energy, its development and human capital. It is a tragedy. What is happening in Iraq is horrible. Those playing ISIS are a loose coalition of disparate and mixed interests. There are members of the old Ba'athist party, ex-military from Saddam's time,

former members of the Republican guards. They are the people who were active in the past. Today again, they are terrorizing people. In the past, Iraq was closed and no one knew what was going on there. For example entire villages were poisoned with gas. That is exactly the mentality that is prevailing amongst these people. They were doing it back then under Saddam's flag; now they are doing it under the banner of ISIS. That is what the world is fighting against. The world has defeated them and now I think with support from all these countries, they will be defeated again. I don't know how long it will take but I am one hundred per cent sure of the end game. No ISIS.

**TC:** HOW WILL THE OIL BUSINESS EVOLVE?

**SA:** People think we will find an alternative source of energy. Batteries are developing, as well

OIL AND GAS WILL CONTINUE TO PLAY A FUNDAMENTAL ROLE IN THE ECONOMIC DEVELOPMENT OF MOST COUNTRIES IN THIS REGION

as solar and wind. That's why people believe we will not need oil and gas. The reality is that it is a sin to burn oil and gas in power plants and in cars for transportation. This is a very valuable commodity that can generate thousands of products that can be used in every part of life. I believe that governments, countries and institutions should spend money, time and research to developing these products that benefit mankind and the environment. Burning it isn't the best use of it. I advocate positive development and research to release more products that are environmentally and economically beneficial to the world. This is the thing that is currently missing from the picture because we only think about oil as fuel in our cars. It shouldn't be like this.

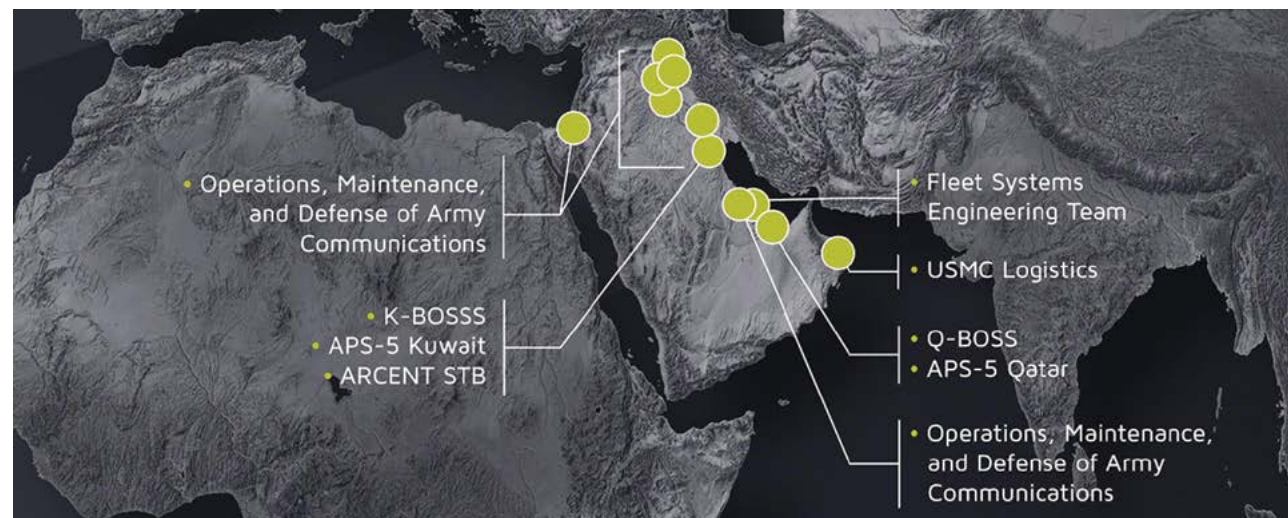
**TC:** YOU ARE AN INSPIRATION TO MANY WOMEN IN THE REGION, CEOS AND LEADERS IN THE PRIVATE

SECTOR. WHAT'S YOUR MESSAGE TO THEM?

**SA:** It's a combination of extreme hard work, good technical background, being entrepreneurial, and thinking out of the box. I like to think I control the glass ceiling rather than letting the glass ceiling control me. Firstly, I encourage everyone to go into the private sector. I think there is no life in government as such. Secondly, I encourage people to try to do their own business because it is the best thing you can do for yourself and for your society. If you have an idea and think you can do it differently, then just go ahead and do it. People may be self-limited with their funding, especially the youth. However if you have a great idea, there is plenty of money out there and people that would like to come out and support your work. So, private sector all the way and if you can do it with your own idea, that's the best.



# Vectrus Powers the Large Scale Infrastructure, IT and Logistics Needs of the U.S. Military in Kuwait



For more than 50 years, Vectrus has been the force behind some of the world's most complex and demanding projects, from space exploration to maintaining arctic installations to providing support for critical global networks.

During the Gulf War, the U.S. government called on Vectrus, which was a division of ITT at the time, for support. Vectrus, which is now an independent company, remains the largest provider of U.S. military support services in the region. In Kuwait, Vectrus provides a wide range of services including IT support, logistics, warehousing, port operations, facilities management, business systems, airfield services, fleet maintenance, security and almost anything else needed to run a large community or enterprise.



Vectrus is a key player in providing logistical support for the U.S. Army in Kuwait. The movement of equipment through the region has been called the largest logistical operation since World War II. This U.S. Navy photo shows thousands of tanks, trucks, trailers and other pieces of military equipment lined up at a Camp Arifjan staging area in 2004. During the Gulf War, Vectrus helped build, operate and maintain the largest, most dynamic battlefield network ever deployed. Today Vectrus continues to support computer, telephone, video and satellite communications as well as cybersecurity in locations such as Kuwait, Qatar, Europe, the US and Afghanistan.



VECTRUS IS A LEADING PROVIDER OF GLOBAL SERVICE SOLUTIONS IN THE AREAS OF INFRASTRUCTURE ASSET MANAGEMENT, INFORMATION TECHNOLOGY AND NETWORK COMMUNICATION SERVICES, AND LOGISTICS AND SUPPLY CHAIN MANAGEMENT SERVICES.



Vectrus managing airfield operations at Ali Al Salem Air Base. Today Vectrus continues to provide transport, port and logistical support in Kuwait.

A Vectrus heavy equipment operator lays the groundwork for infrastructure improvements. In Kuwait and Qatar, Vectrus delivers a full range of services including electrical, wastewater, security, emergency and other areas necessary to run a city or large enterprise.

Vectrus provided extensive maintenance and up armoring of vehicles during the Gulf War. In this photo Vectrus mechanics at a repair facility in Kuwait refurbish Humvees that have experienced extensive wear and tear on the battlefield. Vectrus continues to maintain military equipment in the region.



Vectrus delivers advanced infrastructure support services in Kuwait and Qatar such as power plant operations shown here, as well as emergency, utility, security, and IT services.

Vectrus provides logistical and warehousing support for the U.S. government in Kuwait and Qatar, as well as many other locations around the world.



# ABCK MEMBERS GAIN A RARE INSIGHT INTO THE U.S. AMBASSADOR'S PRIORITIES



The ABCK members met numerous new senior staff of the US Embassy Kuwait at a networking and introductions night held at the Crowne Plaza Hotel in Farwaniya on November 5, 2014.

ABCK Chairman Scott Beverly introduced the Ambassador of the United States, His Excellency Douglas Silliman, who had arrived in August 2014. Also introduced were the new DCM, Consul General, Consul of Consular Affairs and other new appointments.

In his introduction, Scott welcomed Ambassador Silliman, DCM Hood, Major-General Williams, Embassy Division Chiefs and Staff and thanked the assembled for the large turnout. ABCK members were encouraged to take the opportunity of the event to meet Embassy personnel that had so generously made themselves available. Scott noted that it was rare for the membership to have access to most, if not all, of the Embassy division chiefs in one room! At the event Scott spoke about the ABCK and its affiliation with the US Embassy over the years explaining how, in the past, the ABCK had operated largely as an informal organization under the umbrella of the US Embassy, working closely with the Commercial office to achieve the priorities of the sitting Ambassador and the local business community.



AMBASSADOR DOUGLAS SILLIMAN MEETS THE BOARD OF DIRECTORS (L-R 1ST ROW JOSEPH BEJANI, DR. JULIET DINKHA, GREGORY J. STEVENS, OZZIE RUELDA, ERNEST ALEXANDER (HONORARY), TOP ROW NAWAF AL-KHUBAIZI, DAO LE (EX-OFFICIO), LUIS SUAREZ, CHAIRMAN SCOTT BEVERLY, AMBASSADOR, VICE CHAIRMAN SUDQI AHMED, FRED SHUAIBI, CHARLES NAHAS.

He thanked Mr. Gregory J. Stevens, former ABCK Chairman; Mr. Ernest Alexander, Honorary BOD Member and one of the original Founders of the ABCK ; and Mr. Dao Le, who until the end of 2014 was Senior Commercial Officer at the US Embassy. Scott also thanked Mr. Dao Le saying how his office had done exceptional work, and how they have been the most proactive and energetic commercial office seen during his tenure in Kuwait. "They are the first point of contact for the business community and facilitate matchmaking for all parties seeking to do business in Kuwait or in the US"...They have helped to connect business leaders and work with the ABCK to achieve its goals".



AMBASSADOR SHARES A LIGHT MOMENT WITH GREGG STEVENS, PRESIDENT ABCK WORLD FUND, AND ABDULAZIZ ALANJERI, EDITOR-IN-CHIEF, THE CORRESPONDENT MAGAZINE

The chairman stressed that such events bring the business community and their leadership as well as government leaders together for networking and discussion of topics that are of interest to all parties. "As we have conducted our CEO and Business Roundtable discussions in the past, as well as the Discover America Presentations on Cloud Security, FATCA and Intellectual Property, we plan to do more in the near future, so please keep an eye out for more information on future events" he added.

The new Ambassador His Excellency Douglas A. Silliman was warmly welcomed. The audience learned that, prior to Kuwait, he had served in 2013-2014 as a Senior Advisor in the Bureau of Near Eastern Affairs in the Department of State in Washington, D.C., working on Iraq issues and the U.S.-Africa Leaders' Summit. He was Deputy Chief of Mission at the U.S. Embassy in Baghdad, Iraq from 2012 to 2013 and Minister Counselor for Political Affairs in Baghdad from 2011 to 2012. He was the Deputy Chief of Mission in Ankara, Turkey from 2008 to 2011. He joined the

Department of State in 1984 and is a career member of Senior Foreign Service. Ambassador Silliman had earlier served as Director and Deputy Director of the State Department's Office of Southern European Affairs, as Political Counselor at the U.S. Embassy in Amman, Jordan, and as the Regional Officer for the Middle East in the Office of the Coordinator for Counterterrorism. Ambassador Silliman worked as political officer in Islamabad, Pakistan, in the Office of Soviet Union Affairs, as Lebanon Desk Officer, and as Staff Assistant to the Assistant Secretary for Near Eastern and South Asian Affairs. He began his career as a visa officer in Port-au-Prince, Haiti, and a political officer in Tunis, Tunisia.

Ambassador Silliman received a Bachelor of Arts degree in Political Science summa cum laude from Baylor University in Waco, Texas, where he was also a member of Phi Beta Kappa. He earned a Master of Arts in International Relations from the George Washington University in Washington, DC. He has received numerous awards from the Department of State,



(L TO R) INTELLECTUAL PROPERTY ATTACHE AISHA SALEM, PRESIDENT ABCK WORLD FUND GREGORY STEVENS, AND PUBLIC AFFAIRS OFFICER LISA HEILBRONN



including the Secretary's Award for Public Outreach in 2007 and senior performance awards. The American Foreign Service Association gave Ambassador Silliman its Sinclair Language Award in 1993 and the W. Averill Harriman Award for outstanding junior officer in 1988.

Ambassador Silliman delivered a speech to members in which he identified his key objectives for his assignment in Kuwait that he had discussed with President Barack Obama prior to his arrival while still in Washington, DC. His five main priorities are ensuring the safety and security of Americans, maintaining a strong defense partnership, enhancing the business climate in Kuwait, encouraging an open political system and reaching out to young Kuwaitis.

Speaking on the business climate he stressed the need to expand commercial ties, saying that this priority had grown out of President Obama's National Export Initiative. "My staff and I are committed to work with the American business community in Kuwait to expand our exports, increase investment and create more jobs back home" he



SARAH BELLMAN,  
CONSUL GENERAL



DEPUTY CHIEF OF MISSION JOEY HOOD LISTENS AS AMBASSADOR SILLIMAN IS SPEAKING

asserted.

Kuwaitis love American products and this is reflected in the fact that Kuwait is America's fifth largest export market in the Arab world, and the United States is Kuwait's largest foreign investor. This relationship supports thousands of jobs in both countries. The Ambassador informed the attendees that bilateral merchandise trade alone was worth \$15.2 billion in 2013. This works out at over \$41 million in trade that is transacted between the United States and Kuwait

each day. He continued by saying "the Embassy is eager to partner with you to find new strategies, safeguard intellectual property, tighten cyber security and advocate for a more favorable business environment".

Ambassador Silliman outlined the broad goals ahead. The first goal was to double American exports, which will create jobs in America and supply high-quality, 'Made-in-the-USA' products and services to Kuwait. Secondly he said there is a need



SENIOR COMMERCIAL OFFICER AND AMBASSADOR SILLIMAN ARRIVING  
AT EMBASSY NIGHT



CHAIRMAN SCOTT BEVERLY PRESENTS A MEMENTO OF THE EVENING TO AMBASSADOR DOUGLAS SILLIMAN

to increase and diversify Kuwait's investments in the United States, which will help Kuwaiti companies prosper while creating jobs in America. Lastly, he stressed the need for 'a level playing field' in Kuwait for American companies to operate in the same open and fair environment that Kuwaiti companies enjoy in America. In support of these three goals the Embassy will be organizing and recruiting for several trade and

investment missions over the coming year. These will focus on high-growth sectors such as education, Private Equity, healthcare, safety and security, foreign direct investment and oil and gas. These missions will provide American companies with a chance to build partnerships with Kuwaiti government and private-sector leaders. While on these missions, it is hoped that Kuwaiti companies can be helped to better understand

the benefits and ease of investing in the United States by establishing factories, facilities, operations and offices. The Ambassador stated that the United States is doing everything it can to make the investment and commercial environment as open and appealing as possible, however unlocking the full potential of the U.S.-Kuwait relationship does require Kuwait to take similar steps. With only small economic reforms, Ambassador Silliman said that Kuwait could attract significantly more foreign investment. Before closing, the Ambassador mentioned the importance of protecting intellectual property rights, which makes it difficult for innovative and creative companies – even Kuwaiti companies – to introduce new products and ideas into the Kuwaiti market and urged the passage of a strong copyright law that meets international treaty obligations.

The evening was concluded with a buffet dinner and much interactivity between Kuwait business community leaders, members and the attending Embassy staff.



MG SCOTT WILLIAMS, CHIEF, OFFICE OF MILITARY COOPERATION (R) WITH MR.  
CHARLES NAHAS, FROM MICROSOFT



# OUR FLEET AWAKENS THE TRANSFORMATION OF KUWAIT AIRWAYS

Kuwait Airways remains determined to see its vast modernization program completed successfully. Step by step, and despite very strong competition, the first new aircrafts have been delivered in the first of a number of high profile events which will mark a new era for the Gulf airline.

by CHASE WARNE, The Correspondent writer

## A new beginning

Last year was a busy one for Kuwait's national carrier. Progress at long last, as the state-owned airline took its first steps towards profit and much-anticipated privatization. In February, Airbus confirmed it had received orders from Kuwait Airways Company for twenty-five new aircrafts. In December the airline publically began a long-overdue fleet renewal program when, under a separate leasing deal, it took delivery of the first of twelve new aircrafts from Airbus at a ceremony in Toulouse. Not content with that considerable purchase, in November KAC went onto place a further order with Boeing for ten new aircrafts.

The sums involved are sky-high and reflect the determination of KAC's Chairperson and General Manager, Rasha Al Roumi, to transform the loss-making airline. The Airbus deal is reported to be worth in excess of US\$4.38 billion at list prices, and will see the KAC take delivery of ten A350-900 and fifteen A320 neo

aircrafts between 2019 and 2020. The leasing deal, for an undisclosed amount, will provide another 12 aircraft by May 2015. The Boeing deal is thought to be in the region of US\$3.3 billion at list prices. Together, these deals will mean that the airline will operate a fleet of 18 aircraft until the delivery of the new Airbus purchases in 2019.

THE SKIES AHEAD  
LOOK BRIGHT, BUT  
KAC ENCOUNTERED  
SIGNIFICANT  
TURBULENCE IN  
GETTING TO THIS  
POINT, INCLUDING  
DUE TO FINANCES  
AND MAINTENANCE  
ISSUES

## Turbulent times

The skies ahead look bright, but KAC has encountered a significant amount of turbulence in getting to this point. The ageing fleet of aircrafts, some approaching 20 years old, has placed a heavy burden on the airline in terms of maintenance and reliability. A string of highly public incidents, including an emergency landing by an Airbus A300 in Medina in 2012, led to the grounding of five of the carrier's aircrafts for more than a month. As a result there has been a significant impact on availability and, on occasion, the leasing of costly temporary replacement aircrafts.

Financially, the record has been equally dismal. Over the last 20 years the airline has made losses in the region of US\$3 billion, all of which has been covered by the government. In 2008, ministers made plans to counter the spiraling debt by drafting legislation to transfer the company to private ownership. The plans were bold, with 35% of the company potentially on offer to

strategic investors, initially reckoned by Rothschild's to be worth around US\$785 million. Several factors, but most notably a lack of interest from investors, led the cabinet to review the privatization plans. In April 2012 they issued new draft legislation that proposed a 3-year plan to restructure the Company with the hope of attracting new interest. However in October 2012 the National Assembly was dissolved by Amiri Decree before it had the opportunity to vote on the new plan. The privatization bill was eventually

THE AIRPORT WAS  
DESIGNED WITH AN  
OPERATING CAPACITY  
OF 2 MILLION.  
TODAY, THE NUMBER  
OF PASSENGERS HAVE  
EXCEEDED 9 MILLION

approved in January 2013 setting the way for the recent restructuring and procurement. On the ground, the supporting infrastructure at Kuwait International Airport has been challenged by the rise in the number of passengers over the last decade. The airport was originally designed with an operating capacity of two million per annum. With incremental improvements the capacity has increased to seven million, but by the end of 2013 the actual number of passengers had exceeded nine million. The arrival of Low Cost Carriers such as Kuwait-based Jazeera Airways and Fly Dubai has compounded the problem and placed added stress on the airport's main terminal facilities. This has brought about the need for alternative measures. In late 2013 Fly Dubai moved its operations to the previously private Sheikh Saad Al Abdallah General Aviation Terminal. In January 2014, Jazeera Airways also announced that it had been granted approval to build its own terminal.

## Bright horizons

Despite the challenges and delays, KAC is pushing ahead with its restructuring program and is beginning to make real progress towards its target of privatization within three years. Since the signing of the privatization bill there has been some notable progress beginning with the signing of an agreement with International Air Transport Association (IATA) for a 5-year program to assist in the transition to a private company. This collaborative effort has undoubtedly given the process a boost, and IATA now assesses that Kuwait is one of the five fastest growing civil aviation markets. The changes have taken place under the watchful eye of Rasha Al Roumi who was appointed in December 2013 by the Kuwaiti Transport and Communications Minister.

As the existing Head of the company's Aviation Insurance Department, she was well versed in risk management and had expressed clear views on where she assessed progress could





be made. Her initial focus has been to build national confidence in the airline and win back the local market share, many of whose customers have migrated to cheaper and more modern regional airlines. Once this is achieved, she will be in a better position to tackle the challenges of free market competition with regional and international carriers. Moves to build that confidence are well underway. In July 2014, KAC was awarded two important aviation security certificates that allow the company to conduct air-cargo and mail operations throughout the European Union. Notably, KAC is one of the first regional airlines to achieve this. Further, the company commissioned UK-based audit company Ernst and Young to evaluate its performance.

The final report was delivered last September and is being digested by the company's senior members. Once the report has been submitted to the Minister of Commerce it may see the issuing of the company's license and the passing of a significant milestone on the path towards privatization.

THE PRIORITY HAS BEEN TO FOCUS ON THE DOMESTIC MARKET

#### A defining moment?

With the delivery of the first new Airbus A320 there is tangible mood of optimism at KAC. The path to this point has been long and bumpy, but it is hoped that the difficult times are now largely behind. KAC Chairperson and General Manager Rasha Al Roumi believes that 'this is a defining moment'. Ultimately, that will be for the savvy air traveler to decide.



KUWAIT AIRWAYS RECEIVES ITS NEW AIRCRAFTS IN JANUARY



THE AIRCRAFTS ARE PART OF THE NEW KAC STRATEGY



THE NEW AIRCRAFTS MARK THE START OF A NEW ERA



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# BRAGGING RITES

The Gulf's Aviation 'Megaproject Mania' is needed and needed now. All the GCC capitals are engaged in extensive plans to create or expand their aviation facilities by spending billions. But are these mega projects sustainable?

By Nigel Holt, The Correspondent

You could be mistaken for thinking that the Gulf is engaged in a game of airport poker. With ever-rising stakes that appear to be spiralling, it seems merely a display of gamesmanship; gamesmanship stemming from petty national self-interest and braggadocio. Nothing could be further from the truth. As the world moves into the second half of the decade, there is an appetite for construction that is barely keeping pace with projected growth figures pertaining to the Gulf for the next ten to fifteen years.

Dubai, Abu Dhabi, Doha, Kuwait City: all GCC capitals; all with extensive plans to create or expand their aviation facilities; all spending billions of dollars to meet a demand for the capacity of half a billion passengers every year by the mid 2020s. And yet, over the next five years alone, construction and infrastructure expenditure in the GCC is expected to hit US\$1.67tn. Only China, with 69 planned airport development and expansion projects in the pipeline is higher.

Figure 1's data is merely the tip of the iceberg, showing what are essentially, megaprojects. The figures vary — if not at least because of the ever-expanding scope of work. Since its inception, Dubai World Central has increased its projected passenger figures from 80-200 million passengers per year.

Likewise, in Doha, they are to construct a second terminal, tripling their passenger forecast, and thus final capacity to over 120 million passengers a year.



	Project Name	Country	Status
1	Abu Dhabi Airport Expansion	UAE	Construction
2	Hamad International Airport	Qatar	Construction
3	Dubai International Airport Expansion	UAE	Construction
4	Baghdad Airport Expansion	Iraq	Design
5	Muscat International Airport Expansion	Oman	Construction
6	Expansion of Riyadh Airport	KSA	Planned
7	King Abdulaziz International Airport Expansion, Jeddah	KSA	Construction
8	Middle Euphrates Airport in Karbala	Iraq	Design
9	Prince Mohammad Bin Abdulaziz Airport Expansion in Madina	KSA	Construction
10	Bahrain International Airport Development	Bahrain	Planned

FIGURE 1: MIDDLE EAST AIRPORT DEVELOPMENT 2014

Worldwide revenue with passenger in air traffic from 2004 to 2014 (in billion U.S. dollars)

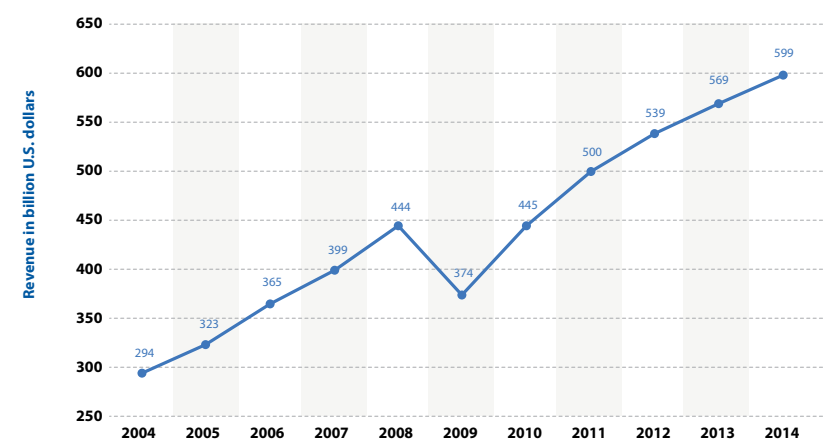


FIGURE 2: WORLDWIDE REVENUE IN AIR TRAFFIC (IN BILLION US DOLLARS)

This should not come as any great surprise given the irresistible rise of worldwide air traffic through the greatest economic downturn since 1929, with a doubling of income from \$USD 300 to \$USD 600bn from 2004 to 2014. By 2024, by which time many of these megaprojects will be full online (with the possible exception of DWC, which now anticipates a 2027 completion date) this figure is likely to be dwarfed.

But is the rising number of passengers in itself sufficient cause for these ambitious expansion programs? Like any good rhetorical question, this is indeed not the case. The answer to why such predictions are being made is in the plans for economic diversification that all the region's players have been making for some time: namely, that airport growth is part of actual infrastructure growth,

and therefore a self-fulfilling prophecy. To this can be added the fact that passenger predictions are fair given the nature of the market in the Gulf region. John Strickland, Director of Aviation Analytics firm JLS Consulting, speaking to CNN said 'I don't think the big hub airports in the Gulf are particularly competing with each other, they are more competing with other parts of the world...[and] the Gulf is positioned between growing markets in Asia, Africa and Latin America, and the airlines who operate out of these hub airports have very long range modern aircrafts.'

Kuwait's ambitions are a prime example of how sustainability planning is part of the infrastructure plan for the next decade and a half. Kuwait's 2035 vision looks for the country to become a regional commercial and financial center through its five strategic objectives: improvement of GDP; private sector motivation; human development; population and social development, and government





NIGEL HOLT

Nigel Holt is an established British writer and Managing Director of Stylus Communications based in Dubai, UAE. Nigel writes for regional magazines for a variety of industries, including travel, cars, real estate, hospitality, aviation, construction and finance.

He is also a published poet, blogger, whitepaper writer, award-winning radio and video script and his creative mind has been applied to myriad media to produce imaginative, original and targeted content for companies of every stripe.

He has lived in Dubai for nearly two decades and has a thorough knowledge and understanding of the Arabian Gulf, its people, and its markets. He is a well-known speaker on Social Media, education and the power of language.

His commercial work has been published in a number of Gulf publications that include Bloomberg Businessweek and Prestige Magazine, as well as in Jaguar, Range Rover and Land Rover Middle East's publications.

efficiency. As part of this a series of public-private partnerships are envisaged (PPPs). Kuwait's airport has undergone extensive expansion and remodeling since the early 2000s, but as of 2011, when a new terminal was announced in addition to the existing Sheikh Saad terminal, the airport was already struggling with notable over-capacity issues.

The new terminal, which faced some downtime in 2014 over contractual issues is now back under construction, and is due for hand-over in 2016. Again, the need for expansion has been intrinsic in the Kuwait story, just as it has in Dubai and the other Gulf countries, although on a somewhat rather smaller scale. Designed by Fosters and Partners, the new terminal offers an expansion to 9 and then 13 million passengers per year. Although 2014 saw a rise in passenger numbers, that, already threatens this with a figure of nearly ten million. The USD 4.8bn (KD1.4bn) contract has been awarded to Kharafi National, a local Kuwaiti company, who, it is believed, are looking to be part of the plan to increase capacity to 25 million passengers by 2025 and up to 50 million later on along with a metro link to Kuwait City. The second aspect of Kuwait's airport construction is also key to the new priorities of the century: sustainability. Kuwait has stressed that the new terminal will be the first in the world to achieve LEED Gold certification,

which is achievable largely through the inclusion of solar paneling for optimized energy use. The use of sustainable materials, especially those procured locally to reduce carbon footprinting, are also essential. Moreover, the future of the project set against a falling oil price were dismissed as irrelevant by Dr Ali Al-Omar, the Kuwaiti Oil Minister: 'Our major projects meet the interest of citizens, including services of healthcare, and education and infrastructure will not be affected by the decline in oil prices.' (KUNA)

Although Dubai World Central is by far the biggest of the Gulf's megaprojects in the aviation sector, the regional construction industry can look more widely abroad for the benefits of government sponsorship. After the reverses of the 2008 financial crisis, there seems significant value ahead in the second half of this decade. As Figure 3 points out: there has been significant expenditure in the Middle East during 2014, which is only expected to rise as 2015 continues. Sheikh Mohammed bin Rashid Al Maktoum personally approved a USD 32bn extension of Dubai World Central alone in 2014, and with a further USD 4.8bn expected in Abu Dhabi, and nearly US\$1bn in Sharjah, the UAE alone demonstrates the potential for regional airport construction industry in 2015.

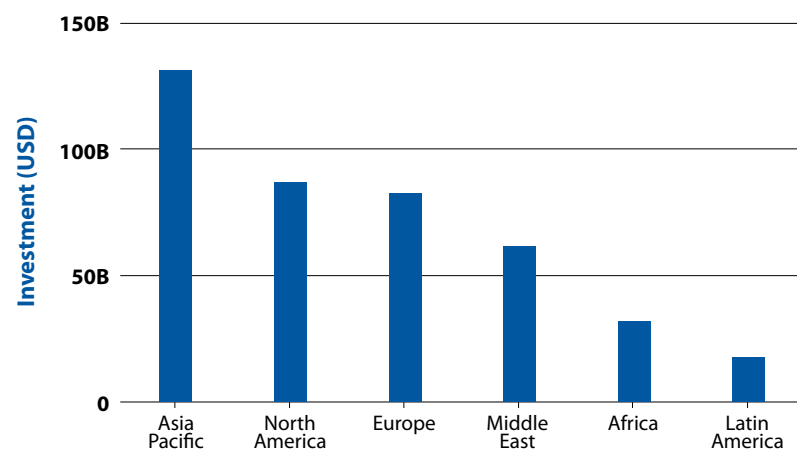


FIGURE 3: THE GLOBAL EXPENDITURE ON AIRPORT CONSTRUCTION AS OF 08 -MAY2014- SOURCE: CAPA AIRPORT CONSTRUCTION AND CAPEX DATABASE

# THE MENACE OF LANDFILLS IN KUWAIT

The prevalent solid waste disposal method in Kuwait is landfill burial. Despite being a small country, Kuwait has astonishingly high number of landfills. There are eighteen landfills and these are increasingly becoming health and environmental hazards.

by **SALMAN ZAFAR**, The Correspondent

Kuwait, being one of the richest countries, is among the highest per capita waste generators in the world. Each year more than 2 million tons of solid waste is generated in the small Arab nation. High standards of living and rapid economic growth has been a major factor behind very high per capita waste generation of 1.4 to 1.5 kg per day. The prevalent solid waste disposal method in Kuwait is landfill burial. Despite being a small country, Kuwait has astonishingly high number of landfills. There are 18 landfills, of which 14 sites are closed and 4 sites are still in operation. These landfills act as dumpsites, rather than engineered landfills. In fact, landfill sites in Kuwait are notorious for causing severe public health and environmental issues. Besides piling up huge amounts of garbage, landfill sites generate huge amount of toxic gases (methane, carbon dioxide...etc.) and plagued by spontaneous fires. Due to fast-paced urban development, residential areas have expanded to the edges of landfill sites thus causing grave danger to public health.

## Landfills in Kuwait

The total land area of Kuwait is around 17,820 sq. km, out of which more than 18 sq. km is occupied by landfills. Area of the landfill sites

ranges from tens to hundreds of hectares with waste deposition depth varying from 3 to 30 meters. All kind of wastes, including municipal wastes, food wastes, industrial wastes, construction and demolition debris are dumped at these sites. In fact, about 90 percent of the domestic waste is sent to landfills which implies that more landfills will be required to tackle rapidly increasing volumes of solid wastes. Most of the landfill sites have been closed for more than twenty years due to operational problems and proximity to new residential, commercial and industrial areas. These sites include Sulaibiya, Kated, AlQurain, Shuaiba, Jleeb Al Shuyoukh, West Yarmouk, Al Wafra among others. Migration of leachate beyond landfill site boundaries is a frequent problem noticed across Kuwait. Groundwater contamination is reported to be a serious problem because groundwater occurs at shallow depths throughout the country. The major landfill sites operated by municipality for solid waste disposal are Jleeb Al Shuyoukh, Sulaibiyah and AlQurain. The AlQurain landfill, with area of 1 sq. km, was used for dumping of municipal solid waste and construction materials from 1975 until 1985 with total volume of dumped waste being 5 million m<sup>3</sup>.

The Sulaibiya landfill site received more than 500 tons of waste per day from 1980 to 2000 with area spanning 3 sq. km. Jleeb Al Shuyoukh, largest landfill site in Kuwait with area exceeding 6 sq. km, received 2500 tons per day of household and industrial waste between 1970 and 1993. Around 20 million cbm of waste was dumped in this facility during its operational period. Over the years, most of the dumpsites in Kuwait have been surrounded by residential and commercial areas due to urban development over the years. Uncontrolled dumpsites were in the past managed by poorly trained staff resulting in the transformation of dumpsites in breeding grounds for pathogens, toxic gases and spontaneous fires.

Most of the landfill sites have been forced to close which is excellent news. However they were closed before achieving their full capacity, because of improper disposal methods and concerns related to public health and environment. Due to fast-paced industrial development and urban expansion, some of the landfills are located on the edges of residential, as is the case of Jleeb AlShuyoukh and AlQurain sites. Some may argue that this is endangering the lives of hundreds of thousands of people.



# FISH FARMING TO SAVE KUWAIT'S HERITAGE

Entrepreneur **AZZAM AL-FULAIJ** is calling on the government to do more to save Kuwait's maritime environment and heritage. The Kuwaiti CEO wants to protect the sea and regenerate fish farming in the Gulf waters.

Interview by **MARYANN HORNE**

Photography by **STEPHANIE McGEHEE**, Apache Photography

Azzam Al-Fulaij is what you call a marine patriot. The Kuwaiti entrepreneur is well known as a prominent businessman who has a variety of influential commercial interests. But his real passion is one that goes to the heart of Kuwait's national heritage, health priorities and environmental concerns.

The former Chairman and currently Managing Director of Bubiyan Fisheries Company is calling for the regeneration of farm fishing in Kuwait. He also wants action to be taken to increase fish stocks after years of neglect and over fishing.

Kuwait's bay is the biggest fish hatchery in the world after Mexico, according to Azzam Al-Fulaij. It's a region to which millions of fish migrate to nest their eggs.

"The current state of affairs is deeply worrying and fish farming is the only real solution, he explains. Fish farming is vital Kuwait's food security, as well as ensuring that prices remain affordable and that the sea is properly protected".

More importantly, Azzam Al-Fulaij says farming in the sea is the only way to fight against fish stocks disappearing. "In the farms, the fish replenish in their natural habitat", he explains.







"They can be farmed and then freed to increase the fish reserves inside the Gulf waters. A single fish can lay one million eggs, so imagine how quickly the fish stocks can be regenerated".

Bubiyah Fisheries stopped fish farming after Red Spot disease struck.

The call for more to be done is a direct result of Bubiyah Fisheries' fate. The company which was privatized in 1997, was amongst the largest farms in the Middle East. Each of its cages was brimming with thirty five to forty thousand fish; but disaster struck. The fish were contaminated by Red Spot disease which struck for the first time in the Gulf.



The disease, also known as Epizootic Ulcerative Syndrome, has been associated with acid water run-off, particularly after heavy rain following a long dry spell and other factors such as hot temperatures, crowding and drought.

After this disaster, Bubiyah Fisheries didn't give up and started again, bringing over two million fish from hatcheries; but in 2001, Red Spot struck again. "At the time we decided to stop fish farming because we came to the conclusion that in Kuwait, no one controls the sea and pollution was a growing problem. While it was good business and margins were good, the risk was becoming too high for us to continue".

The main issue which to this day is a huge problem according to Al-Fulaij is sea pollution. "Sewage is poured into the sea and marine life is being contaminated. Sewage is not being treated properly. There are other issues as well, for example the legacy of waste coming from oil wells which wasn't disposed off properly after the liberation of Kuwait".

Bubiyah Fisheries' dream has been put on hold. It has been forced to travel beyond the Gulf waters for its fish. Today it imports from Bahrain, Iran, Pakistan, Turkey and India. It has five shops in Kuwait and also sells



FISH FARMING IS THE ONLY ALTERNATIVE TO REGENERATE STOCKS, KEEP PRICES LOW AND ENSURE THAT THE SEA IS PROTECTED AND STAYS CLEAN



to Lebanon, some Gulf countries and Egypt. It sells many species, including Zubaidi (pomfret), as well as Hamour (grouper).

"The price of fish such as Zubaidi is very high. It shouldn't be like this in a country like Kuwait that is facing the sea. We should be able to eat what the sea provides for us without having to import from elsewhere".

He says the high prices are because approximately eighty per cent of fish is imported.

Azzam Al-Fulaij is not just interested in improving the situation for his own personal interests. "The government must encourage and support all fish farms and there should be at least ten, in future, in Kuwait. We should also look towards Bahrain and places that are succeeding with such projects".

"People need to wake up. People of Kuwait love fish. The population is growing, but the sea is being destroyed. In twenty years, the population of Kuwait will be between four and six million. But the sea environment, if nothing is done, will not change. That's why the future is fish farming", he concludes.



# MICROSOFT: A MARKET WITH UNIQUE CHALLENGE

Microsoft has been present in the Gulf region for over twenty years. The US giant works to foster partnerships and advance the country's IT capacity and infrastructure. Through this network, Microsoft has created over 26,000 jobs in the Gulf region's IT ecosystem.

Interview by CHARLOTTE SHALGOSKY  
Photography by LYNDIA HIGGS



Charles Nahas, General Manager of Microsoft Kuwait and member of the ABCK Board of Directors, speaks to The Correspondent about Microsoft's aspiration to build on the GCC's technology achievements, for example, by creating a social impact through assisting young entrepreneurs.

**THE CORRESPONDENT:** HOW DOES THE GCC REGION DIFFER FROM OTHER MARKETS, SUCH AS THE US?

**Charles Nahas:** Today, technology is ubiquitous. There used to be a gap between market developments in America, Europe and the Middle East. But that gap has now closed as you can see new technologies being implemented in the GCC before they even hit North America or Europe. In some cases, the GCC is even leading in terms of technology.

**TC:** WHAT CAN YOU SAY ABOUT THE GCC MARKET IN PARTICULAR?

**CN:** The GCC is a key region for Microsoft in terms of growth and performance. The level of knowledge of customers here is excellent. Global considerations also help this. Today the internet and information are much more readily available. As a result, products are shared quasi immediately and this benefits the GCC region. There is an immense growth potential in the GCC countries, as they continue to invest heavily in innovation and technological readiness. Infrastructure projects across the region spur the need for new technologies. According to IDC, spending on IT projects will exceed USD 32bn across the GCC, Levant, Iran, Iraq and Egypt. The region's

spending will place it as one of the top three fastest growing IT markets in the world, surging at a rate of about 7.3 per cent year-on-year. It is superseded only by Latin America and central Asia. Public sector investments to improve government services, education and health care will be the main drivers for growth. The numerous smart-city projects in the GCC in particular will increase machine-to-machine connections by 19 per cent to reach USD224m. This investment will encourage economic growth through for example SME and start-ups proliferation – Creating this unique environment for technology companies helps to evolve and develop the economy, which is clearly becoming better positioned to rely less on oil. Continuing to invest in technology can only further this cause.

**TC:** WHAT ARE THE ADVANTAGES OF THE GCC?

**CN:** This market clearly has a strong appetite for new technologies. Plus it's a market that, very fortunately, has the means to acquire new technologies. We see governments and institutions for example making the most of these resources in this region. Dubai is already a leading global example in the way it is using new technology. In future, we want



to build on the lessons learnt from the experiences in Dubai and other GCC countries and ultimately try to share them here in Kuwait.

**TC:** WHAT ABOUT KUWAIT?

**CN:** We feel that Kuwait has a lot of potential. Technology can still do a lot here, especially in the government sector for example, in improving the services it provides to its citizens. We are working closely with the government to optimize these opportunities. In comparison to the rest of the GCC, the UK or North America, Kuwait has a good idea of its technological requirements. This is an advantage. We are committed to working closely with the government and businesses in Kuwait to overcome any challenges found in the Kuwaiti environment.

**TC:** WHAT ARE YOUR MAIN CHALLENGES IN KUWAIT?

**CN:** We believe that the challenges pose a unique opportunity for partnerships and see room for more agile decision-making processes. For example, we believe that there is room to continue to accelerate technology decision-making processes, so technology can be utilized when it is still new and relevant. In practical terms, when a request comes in for a new and specific product, we



take into account the delay factor and ensure that we are looking at a solution in the second generation of the product.

**TC:** HOW DOES MS SEE ITS SUCCESS AND ITS FUTURE IN KUWAIT?

**CN:** We really believe in this market. There is a lot Microsoft can do to help and we are investing heavily in Kuwait, as well as increasing the headcount. We have two main focus areas relating to what we see as our legacy over the next years. The first is to help the government modernize to bring in the concept of 'e-government'. The second is related to the youth and the young entrepreneurs. We want to help the younger generation build their skills, become better at building businesses and using technology in their businesses – because this is our forte, helping them develop

skills that will help them in future jobs. Our legacy therefore not only focuses on the business perspective but also has a social impact.

**TC:** WHAT IS THE FUTURE FOR THE IT MARKET IN THE MIDDLE EAST?

**CN:** The market is growing and there is a huge appetite for technology. According to the IDC, The Middle East IT Market is projected to reach USD 243 billion by 2018, which will represent 5.6 percent of worldwide IT spending. This creates demand for better technology to deliver better services. IT is key in making companies more competitive. You can see services being offered by some businesses or governments here in the Middle East that are in fact better than those offered in other countries. What the GCC has achieved in the last fifty years is amazing and Microsoft wants to help the region continue in this

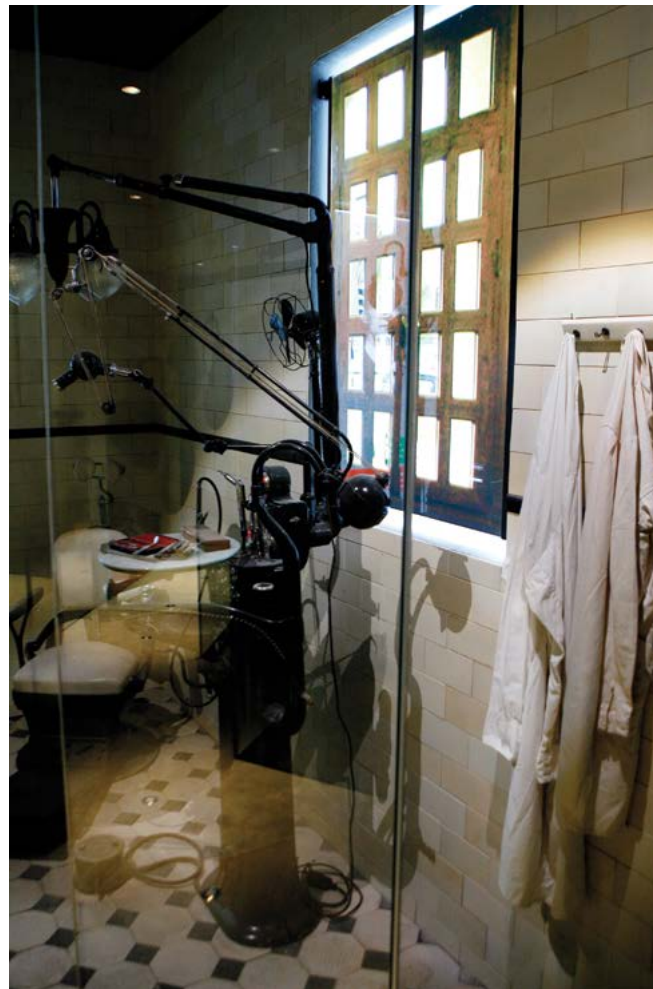




# DAR AL-ATHAR AL-ISLAMIYYAH GIVES NEW LIFE TO HISTORIC AMERICAN MISSION HOSPITALS

In November 2012, in the presence of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the Dar Al-Athar al-Islamiyyah (DAI) officially opened the Amricani Cultural Center. Located in the historic American Mission Hospital, on the Gulf Road near the National Assembly buildings, the cultural centre is a continuation of the DAI's commitment to the promotion of art and culture in this country. Open to the public Monday - Saturday, the center features several exhibitions of objects from the world renowned Al-Sabah collection and continues to serve the community.

by SUSAN DAY  
Photos by DAR AL ATHAR



"We are truly honored to be able to transform these historic buildings into a cultural center. These walls saw the evolution of medicine in Kuwait and now witness the development of future art historians, curators, conservators, and, most important, artists and art aficionados. This will be a teaching and training facility, created to nurture the mind and spirit. So, while the functions within these walls have changed, the ethos that inspired it has not. Amricani will continue its original purpose: serving the people of Kuwait," said Sheikha Hussah Sabah Al-Salem Al-Sabah, director general of the DAI and co-founder of The Al-Sabah Collection.

The seeds for the Amricani Cultural Center were first sown in 1895, when Samuel Zwemer, one of the co-founders of the Reformed Church of America's (RCA) Arabian Mission, traveled through Kuwait on his way from Bahrain to Basra. Zwemer received a warm welcome and was impressed with, by his definition, "the cleanest Arab town in the Gulf . . ."

According to "The Arabian Mission's Story: In Search of Abraham's Other Son", the RCA considered Kuwait a promising site for expansion. "It has two principle virtues," wrote



Rev Lewis Scudder III (born in the American Mission Hospital and the son of one of the leading doctors working in the hospital). "First, it was a relatively clean place . . ." and second, it "was a commercial hub with many routes of access into the interior deserts . . ."

Sheikh Mubarak, ruler of Kuwait from 1896 - 1915, initially kept the mission out of Kuwait. However, after his daughter was successfully treated by the RCA physicians from the Basra hospital, he invited them to set up a visiting clinic in an annex of his palace. That was in 1911, two years later the mission was invited to build a permanent hospital in Kuwait. The RCA bought a piece of land on the seaside and Sheikh Mubarak donated an adjacent acre of land, giving the RCA sufficient space to build the first hospital, a women's dispensary and a small residence for nurses.

The hospitals, commonly known as the American Hospitals, are one of two remaining examples of Gulf Mission style architecture in the world. At a time when buildings were constructed from stone, wood and mud mortars, the buildings on the compound were made from steel and concrete.

Characterized by the extensive use of veranda for ventilation, aesthetics and socialization, the hospitals were designed to replicate the fabric of family life in Kuwait.

Patients and their families enjoyed the cooling breezes during the hot months and they took advantage of the ventilation to prepare meals in the hospital rooms and hallways. In the evenings, the verandas replaced courtyards as gathering places for families and friends.



But, of course, there were more important areas of the hospitals than the verandas. Being modern facilities, the hospitals included operating rooms, treatment rooms, a maternity ward, pharmacies, eye and pediatric care.

The Battle of Jahra in 1920 provided the tipping point for the relationship between the Kuwaitis and the mission. During the battle 135 men were seriously wounded and, in 1920 Kuwait, typically 130 of these wounded would have died from their injuries or the resulting infections. To the credit of His Highness the Amir Sheikh Salem Al-Mubarak, he insisted that all the wounded be treated at the American Hospital and only four soldiers died.





Putting this in the context of the country in 1920, the 131 men who survived touched virtually every family in Kuwait. Before the battle, a large portion of the population was reluctant to visit the hospital or interact with the doctors. This changed almost immediately – especially for female patients. The increase in the number of women coming to the hospital (as opposed to having the doctors come to them at the house) necessitated the construction of a proper women's hospital. This was completed in 1939, and is the building that currently serves as the DAI administrative office and library.

Construction on a new men's hospital began in the 1940s, but the official opening was delayed until the early 1950s due to World War II. The men's hospital is currently serving as the Amricani Cultural Centre.

The American Mission Hospital complex served patients until 1967. At that time, the government of Kuwait had built hospitals and clinics sufficient to serve the Kuwait



population and the American Mission hospitals were closed.

The land occupied by the hospitals was purchased by the government; the land occupied by the church and staff residences remained the property of the mission. It is interesting to note that "Amricani" is not a typo.

The hospitals were referred to as "Amricani" by Kuwaitis. In recognition

of this tradition, the DAI opted for the colloquial "Amricani" instead of "American".

Today the Amricani Cultural Center includes both permanent and visiting exhibition space, a 200-seat theater, an education wing, and a conservation lab. In addition to hosting art and art-related activities, the center serves as a training facility for those interested in the museum sciences, including conservation.



On the ground floor, the history of the American Mission Hospital is told in a stunning new multi-media exhibition called "Story of Amricani". Beginning with the arrival of the first western doctors in Kuwait and concluding with a look at Kuwait's contribution to the development of healthcare in under-developed countries, the exhibition presents the evolution of the medical sector in the country.

Upstairs, the Amricani currently houses three exhibitions. "Splendors of the Ancient East: Antiquities in The Al-Sabah Collection" includes objects dating from the 4th millennium BCE to the 8th century CE. The exhibition is rich with "the biggest" (a 6,000 year old sculpture of a man probably in supplication three times bigger than the next known sculpture of the same type), "the only" (a beautiful Bronze Age gold cylinder seal that is the only one in world from this period) and "the unexplainable" (a Bronze Age goat sculpture with an iron speiss body made some 1,000 – 1,200 years BEFORE the iron age) . . . and that's in just the first three galleries!

The second exhibition was organized in conjunction with "Splendors of the Ancient East", "Splendors Loaned by the Kuwait National Museum",

which includes objects excavated in Kuwait from the relevant periods. The exhibition includes the third largest Dilmun Seal and extraordinary sculptures of Greek kings and heroes.

The last exhibition opened in October of this year and was curated by children between the ages of 6 and 12. "Long Ago Zoo: Animals in The al-Sabah Collection" includes more than 100 objects from the 8th century through the 19th century CE.

This is the first time in the Middle East and one of a very few times in the world, that owners (Sheikh Nasser Sabah Al-Ahmad Al-Sabah and Sheikha Hussah Sabah Al-Salem Al-Sabah) of an important collection have opened the doors to a bunch of children and said "come on in and help yourselves."

"We have much to be proud of in Kuwait and I am pleased that we are able to share this remarkable new center with residents and visitors alike," said Abdulkareem Al-Ghadban, National Council of Culture, Arts and Letters Assistant Undersecretary. "The Amricani Cultural Centre resides in a historic building, hosts exciting exhibitions, and, is alive with people expanding their knowledge of the region's art, history and culture. We have much to be proud of."

For details on opening times and programmes available at the center visit [www.darmuseum.org.kw](http://www.darmuseum.org.kw) or email [info@darmuseum.org.kw](mailto:info@darmuseum.org.kw).





# ATB SHEDS LIGHT ON TAX REPORTING OBLIGATIONS FOR AMERICAN CITIZENS

An insight about us foreign account tax compliance act

by SAJEEV K. PETER



DANIELLE HUSS, ATB GENERAL MANAGER

The newly implemented U.S. Foreign Account Tax Compliance Act (FATCA) has proved to be complex and challenging to U.S. citizens abroad, who were previously unaware of their tax reporting obligations, as well as to foreign financial institutions (FFIs) that are affected by this multifaceted law. As of April 29th this year, Kuwait has officially signed the tax compliance agreement (IGA) with the United States and it is expected for all participating FFIs to comply with FATCA requirements in order to send U.S. citizens' account information for 2014 by next September. Due to recent developments, many are still overwhelmed and confused by the complex nature of FATCA but it is vital that citizens take swift action to become tax compliant if they have not yet done so. ATB was established to assist U.S. Citizens and Green Card holders with preparing and filing their tax returns annually, including FATCA and Foreign Bank Account Reporting (FBAR) obligations. Individuals can face serious consequences for not complying with FATCA and their other tax obligations. Therefore, ATB shares insight about the most frequently asked questions related to FATCA that are received from clients on a daily basis. For a private, confidential consultation with a licensed tax professional, call ATB at +965 2226 6990 to schedule an appointment or for more information, visit [www.americanataxbureau.com](http://www.americanataxbureau.com).

**SAJEEV K. PETER:** Under the FATCA law, what are the requirements for people with a US citizenship?

**ATB:** FATCA requires FFIs such as local banks, stock brokers, hedge funds, insurance companies, trusts, etc. to report accounts of U.S. persons directly to the United States, or to the government of the bank's country for further transmission to the US through Intergovernmental Agreements (IGAs). The FFIs that do not agree to comply with FATCA are subject to a 30%

withholding on their US investments. FATCA also requires U.S. citizens who have foreign financial assets in excess of \$50,000 (higher for bona fide residents overseas – \$200,000 for single filers and \$400,000 for joint filers) to report those assets every year on a new Form 8938 to be filed with the 1040 federal tax return.

**SP:** What are the procedures for FATCA compliance and what is the usual timeline for completion?

**ATB:** The procedures are most easily broken down into two parts:

*FATCA (Form 8938) compliance* – New since 2011, certain U.S. persons, including U.S. expatriates, are required to report details of holdings in Foreign Financial Assets as part of their federal tax return. If any tax is due, payments should be made by no later than April 15th every year to prevent penalties and interest. The second deadline applies to taxpayers living outside the U.S. (must pass one of two eligibility tests) which automatically extends to June 15th every year. If you file an extension by June 15 (for those given the automatic extension) it allows you an extra four months to file, pushing your deadline to October 15th. Unfortunately, an extension of time to file your returns does not mean an extension to pay your taxes.

*Foreign Bank Account Reporting (FBAR) compliance* – If you are a U.S. citizen with a bank account in a foreign country (also including signatory rights) with a balance at any point during the year of \$10,000 or more, you are required to report this balance annually to the U.S. Treasury Department by electronically filing Form 114 with the IRS by June 30th. Failure to report an account meeting these criteria can result in significant penalties, including fines up to \$500,000 and criminal



prosecution. Even a non-willful civil FBAR penalty may trigger a \$10,000 fine. Willful FBAR violations can draw the greater of \$100,000 or 50% of the account for each violation—and each year is calculated separately.

**SP:** How many clients in Kuwait have approached ATB regarding their tax obligations under FATCA?

**ATB:** Out of the 2,500 clients that currently use our services, more than half actually require FATCA assistance. Our Tax Professionals are fully trained and licensed to deal with any forms related to FATCA as well as provide consultation to those seeking more information for their own unique situation. Businesses are also required to comply with FATCA and we receive business consultation requests every week. ATB has clientele all around the GCC, as well as the US and the UK.

**SP:** What are the consequences if people want to renounce their US citizenship?

**ATB:** Every renouncing individual, whether qualifying under the exceptions or not, will always be subject to the Compliance Test. Form 8854 must be filed with a renounced individual's final year return in order to be considered fully renounced. On this form, the renouncing individual must affirm under penalties of perjury that they are compliant with U.S. tax filing obligations for the period of five years preceding expatriation in addition to a \$2,350 renunciation fee, more than four times what it used to cost back in 2010. A person who renounced would still be required to pay any outstanding amounts

due over those five years up to the date of renunciation. Depending on the individual's annual income for each of those five years, it's possible they would only have to report their finances and not owe any tax but it is advised that they seek the help of a Tax Professional in order to determine if they have to pay taxes or just report. The renunciation fee does apply regardless of whether tax is owed or not.

Also, an additional U.S. Exit Tax is required of those who qualify as a "covered expatriate" under one of three tests. One, if the individual has a net worth of \$2 million USD or more at the time of renunciation. Two, if the individual had an average annual net income tax liability of more than \$157,000 USD in the five years ending before the date of expatriation. Or three, the individual failed to certify that he or she had complied with all U.S. Federal tax obligations for the five years preceding the date of expatriation.

**SP:** Can the U.S. Embassy accept the renunciation of U.S. citizenship for Kuwaitis and other nationalities?

**ATB:** Yes, the U.S. Embassy is the only place someone can renounce their U.S. nationality in Kuwait; however, the process can take more time than expected due to the frequently unknown prerequisites i.e. being five years tax compliant. Persons intending to renounce U.S. citizenship should be aware that, unless they already possess a foreign nationality, they may be rendered stateless and lack the protection of any government. They





may also have difficulty traveling as they may not be entitled to a passport from any country. Even if not stateless, former U.S. citizens would still be required to obtain a visa to travel to the United States, or show that they are eligible for admission pursuant to the terms of the Visa Waiver Pilot Program (VWPP). "Renouncing U.S. citizenship is a voluntary act and not easily reversed. Those seeking renunciation must schedule an appointment through the U.S. Embassy for a renunciation interview, which is followed by a time of reflection, before the renunciation ceremony. The Embassy can also discuss with you the consequences of any actions you may take upon your U.S. citizenship." For more information on U.S. renunciation in Kuwait, you can visit the U.S. Embassy Kuwait website at <http://kuwait.usembassy.gov/renunciation.html> or contact ATB to be guided through the process step by step.

**SP:** What effect will the FATCA law have on U.S. citizens who operate a business in Kuwait?

**ATB:** To enforce compliance, FATCA requires Foreign Financial Institutions (FFIs) to report directly to the IRS information about financial accounts held by U.S. taxpayers (even if they hold only non-U.S. assets), or held by foreign entities in which U.S. taxpayers hold a substantial ownership interest. An FFI that refuses to disclose information to

the IRS faces a 30% withholding tax on U.S. source payments regardless of whether the recipient is a U.S. taxpayer.

**SP:** What long-term effects will FATCA have on FFIs in Kuwait?

**ATB:** Banks and other FFIs in Kuwait must be in accordance with FATCA provisions by this September, as recently announced by the Ministry of Finance (MoF). FFIs are required to have needed documentation prepared for transfer to the MoF, the official entity that will be directly transmitting documentation to the U.S. Internal Revenue Service (IRS), in the coming few months. This will require a complete reassessment and restructuring of information collection, training a qualified workforce, designing and developing a number of organizational structures as well as having the technical and legal means to fully implement FATCA within their organizations. The provisions of FATCA are complex and will act so as to make it difficult for any FFI to operate unless it complies with the FATCA regime by registering with the IRS.

**SP:** Which nationalities are most affected by the FATCA laws?

**ATB:** As long as the individual was born in the U.S. or is a U.S. Passport or Green Card Holder, the FATCA laws apply, therefore it is irrelevant what other nationality they might possess.

**SP:** What steps can families with joint bank accounts and shared assets take if one member has U.S. citizenship?

**ATB:** A joint account that has one US owner is treated as a US account and therefore the entire account is subject to the FATCA legislation; same applies to assets.

**SP:** What are the common inquiries received from dual citizenship holders about FACTA?

- Many think that if they were just born in the U.S. they don't have to file their tax returns. However, as mentioned, this is not at all the case.
- Thinking income is not taxable if it was earned in Kuwait or anywhere outside the U.S. – incorrect although Americans overseas do have the benefit of the Foreign Earned Income Exclusion (FEIE) which makes a much higher amount earned not taxable i.e. for 2014, the exclusion is up to \$99,200.
- Having an income less than the threshold which is approximately \$99,200 (every year it rises due to inflation), they don't need to file their returns. When actually, they are not eligible for the FEIE unless they file their federal tax returns.

**SP:** Can an individual regularize their status by filing their income statement for the previous years?

**ATB:** There are a few different processes that enable an individual to become tax compliant even if they have never filed before. These include the Streamlined Offshore Program and the Voluntary Offshore Disclosure Program. Also, Foreign Bank Account Reporting (FBAR) might be necessary depending on the individual's situation. American Tax Bureau is specialized in these programs and can help the individuals seeking to become compliant with which ever program is most suitable for their situation.



by **Aisha Y. Salem**,  
Intellectual Property Attaché for  
the Middle East & North Africa

## PROTECTING YOUR INTELLECTUAL PROPERTY RIGHTS

I have had the opportunity to meet many of you in person since my arrival last summer, and I am grateful for the opportunity to introduce myself to the wider American Business Council community here in Kuwait. This is the first of what I hope to be a series of columns dedicated to intellectual property (IP) issues American companies may face while doing business in the region.

As the U.S. Patent & Trademark Office (USPTO) IP Attaché for the Middle East & North Africa (MENA), I am a member of the U.S. Department of Commerce Foreign Commercial Service at the U.S. Embassy in Kuwait City. My countries of responsibility include Algeria, Bahrain, Egypt, Iraq, Israel/Palestinian Territories, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, UAE, and Yemen. I have numerous counterparts throughout the world who all have different regional responsibilities. Much of our work is in helping U.S. companies to do business in the regions we cover by advocating with host governments for improvements to IP systems. We also provide information to companies that will help them navigate local IP systems and if there are particular enforcement issues in any given country, we can help U.S. companies navigate those specific issues. If those issues get to a high enough profile, we can raise them with the local government.

Another part of our work is international treaty compliance (either bilaterally or multilaterally), including issues with World Intellectual Property Organization (WIPO) and World Trade Organization (WTO) treaties. We want to make sure everyone is on the same page with IP legislation and the enforcement of those laws.

A third part of what we do is to help coordinate U.S. government efforts in providing training and building technology transfer between countries. These programs run the gamut – from training for patent and trademark examiners, to workshops for judges and prosecutors, to general outreach and awareness events on IP – so the USPTO IP Attachés act as a conduit for all of these various activities.

Over the coming months, I plan to use this column to provide you with practical tips and insights for protecting your company's IP rights while doing business in Kuwait, how to develop a sound IP strategy, and what to look out for as consumers. In the meantime, please do not hesitate to contact me at +965 2259 1455 or [aisha.salem@trade.gov](mailto:aisha.salem@trade.gov).



# HOW TO BE EFFECTIVE WITH SOCIAL MEDIA

Social media is ideally suited for a culture and society such as Kuwait's, which is so rich in heritage and culture. But to make full use of its potential, the Gulf state companies need to care more about using social media for growing business rather than just for validating their brands and achieving exposure. These companies need to invest in other emerging social networks that are better suited for social sharing and engagement.

by JEFF ROACH, The Correspondent

**Sociallogical**  
Strategic Connectivity



JEFF ROACH

*The author is on the cutting edge of social media and is a social media educator. He is the founder of Sociallogical, a consulting agency to help businesses determine the significant changes in how businesses engage their people, inside and outside the company, brought on by the emergence of social media. Jeff Roach advocates the growth of businesses through their own people when they get social online. He has coached leading companies in understanding and using social media.*

In every part of the world there are businesses who understand and maximize their use of social media and there are the lagging masses of companies who still live in the 20th century, frustrated in their efforts to employ social media to perform a duty it will never be suited for. Kuwait is no different but there are a few nuances in the country's digital landscape that make it unique. In a society in which influence and reputation are so valued, it remains a struggle for most to understand the true opportunity that social media presents and how ideally suited it is for this centuries-old culture.

## Social media is an influence machine

It is most powerful when it leverages engaging media (images, video, essay, presentation) into discussion and sharing. It couples the exposure of the brand with personal validation from someone I know who shared it with me. But the common goal of simply exposing a brand to its audience using social media is a significant lost opportunity and an exercise in corporate narcissism in this age of connection. It won't work long term and

brands in Kuwait need to learn what matters to their audience and give it to them to grow a brand community. Even more important is the need for companies to care for their customer and to seek relationship with them as they build a brand community together – a challenge for any company that has never cared in this way before and that has never seen social media as the tool for this purpose. Social media is not a popularity contest - if content isn't shared, very few see it. Likes mean very little.

## What makes Kuwait social media unique

Instagram is hugely popular in Kuwait. Kuwait businesses still seem very focused on impressions and popularity. In markets that are a few years ahead of Kuwait, a business cares less about what the general public thinks of them and targets their market specifically, focusing on sharing, leads, and sales among their growing brand community. Kuwait will get there too but companies here need to care more about using social media for growth and not just for brand validation and exposure. Again, social media is an influence tool. Instagram, in 2015, is Kuwait's social



network. The dominance of Instagram is so unique to Kuwait that even Instagram doesn't fully understand it. Instagram, and its parent Facebook, are pure marketing channels. For personal use they are powerful and beloved visual channels where we find the friends and family we love. But for business they are limited in their effectiveness over the long term. In the near future due to massive data overload, Instagram will either drastically filter a business' content like Facebook does (less than 2% of your fans see your posts unless you pay Facebook) or people will simply grow tired of seeing mostly ads on that "social channel". Neither option is sustainable and neither one is very "social" for business. Therefore, it is important that Kuwait companies start investing in other emerging social networks that are better suited for social sharing and engagement.

## The cost of anonymity on society and business

The use of - and most surprisingly, the acceptance of - anonymous social media accounts should raise red flags. The requirement, in its earliest days, by Facebook that people identify themselves, personally, is the single most important policy that shaped what we now know as social media. If you don't know who are the people you're talking to, the medium can hardly be considered social. Content on social media is tightly linked to the people who created and/or shared it and their reputations. If I don't know who you are, how can I trust your information, your judgement, and your values? These extremely important elements that connect people and companies who have any affiliation with anonymous accounts may eventually take a strong hit to their brand reputation, if Kuwait



**SOCIAL MEDIA IN KUWAIT FOCUSES MORE ON WHAT AMOUNTS TO ADVERTISING AND LESS ON INFLUENCE**

matures like other markets have. Likewise, brands should consider their policies around their employees

following and supporting anonymous accounts as well, as the actions of employees reflect on the brand they serve. Anonymous accounts are akin to tabloid "journalism", which are also an embarrassment to society and dangerous for brands. It has always been smart for brands to associate with known, respectable people, and social media amplifies that.

## Building strategies versus outsourcing services

Building strategies can be outsourced but Kuwait appears to be different than some other markets in its lack of interest in understanding what the strategy should accomplish, how it will be implemented, and what are reasonable expectations to expect from it. Social media is not a coin-operated sales/marketing channel. It is a brand community builder and a powerful tool to leverage other marketing activities. It is hard to imagine a successful strategy in which the company is not intimately involved in the preparation and implementation of the strategy, even if an outside partner is hired to lead it. Our company likes to say that there are four legs to the social media chair: strategy, training, content, and measurement. Some of this may be outsourced, some of it can be lead by an expert, but a company that is completely hands-off is going to be frustrated with this new medium.

Kuwait is evolving like every other market and the good news is that the people who live here are as involved in digital communications as in any other part of the world. To mature, social media in Kuwait needs to become more social, more of a connector for real people and a platform for companies to listen, to help, to share, and to support their customers in ways that fit their brand and build loyalty over the long term. Companies who understand the fundamental differences between new media and old will dominate on social media for many years to come.



# BETWEEN DREAMS AND REALITY KUWAIT'S MEGA-PROJECTS



There is a growing sense of optimism in the Gulf that some of the mega projects are to shake up the horizon. But what are they and what do they entail? In the first of a series, follow The Correspondent's guide to the big five projects in Kuwait.

by Chase Warne, The Correspondent

There is a growing sense of optimism among those investors watching the construction sector in Kuwait. In May 2014 Hind Al-Subaih, Kuwait's Minister of Social Affairs and Labor and Minister of State for Development and Planning Affairs, announced the reinvigoration on the Kuwait Development Plan (KDP).

For potential investors this announcement will spark serious interest as construction and infrastructure contracts worth in the region of USD 27 billion are up

for grabs in 2015. The five-year plan, already approved by the Cabinet, also aims to change the roles in which private sector companies will be allowed to perform. The plan has yet to be ratified by the State's Parliament. However, some key projects which were included in the previous iteration have already seen marked progress in the last 12 months.

For example, the award in November 2014 of the contract for the renovation and expansion of Kuwait

International Airport to Kuwait's leading construction firm, Kharafi National. This alone is worth USD 4.8 billion and it is by no means the largest contract on offer.

## To change is to improve

The previous five-year plan failed to fully deliver on its strategic vision, with only fifty-seven percent of the allocated budget actually spent. Attracting private investors proved difficult due to stringent contract conditions such as offset funding, income tax guarantees and rules governing project execution. This was reflected in a World Bank 2014 report that ranked Kuwait 152nd out of 189 for ease of doing business. Under the latest plan, this commercial inertia and lack of incentive for foreign companies is set to change.

The plan has two clearly stated aims. Firstly it aims to realize the country's strategic vision through the implementation of Mega-Projects. Secondly, to address the imbalances

in economic reform. The latest version of the plan aims to allow the private sector to play a bigger role in development. As part of this, joint public private partnerships (PPP) will be established as a means of merging significant state investment with expertise and experience.

## Challenges

While the future looks decidedly brighter, the actual award and delivery of these projects will present challenges to potential companies and investors. Amongst these, the fact that historically the lowest-priced offer generally wins will frustrate companies seeking to promote quality over price. Also, the increase in the demand on raw material, competent manpower and supporting systems will severely test the existing supply mechanisms – some investors may see this as an opportunity.

Finally, recent changes to oil prices may potentially impact Kuwait's fiscal returns. It is no secret that money

from oil revenues accounts for over 92% of government income and hence the impact of these changes may be significant.



## The Mega-Projects

The Middle East Economic Digest assesses that Kuwait's project market is the fourth largest among the GCC nations with a market value of USD 217 billion. The following list shows infrastructure and construction projects worth over USD 1 billion either underway or planned, and gives a snapshot of five of the larger ones.

Project	Contract Value USD Billion	Sector	Status
Sabah Al Ahmed City Project	27.0	Construction	Under Construction
Metro Rail System	20.0	Transport	Expressions of Interest
National Rail Road System	10.0	Transport	Design Stage
Al Zour Refinery	14.0	Power	Pre-qualification
Motorway Construction Projects	6.2	Transport	Under construction
(Clean Fuels Project 2020 (MAA	4.8	Oil & Gas	Awarded
Kuwait International Airport Expansion	4.8	Transport	Awarded
Lower Fars Heavy Oil Development	4.2	Oil & Gas	Awarded
Heavy Oil Production Facilities	4.2	Oil & Gas	Pre-qualification
Clean Fuels Project 2020 Package 1	3.8	Oil & Gas	Awarded
Clean Fuels Project 2020 Package 2	3.4	Oil & Gas	Awarded
Subiya Causeway	2.5	Transport	Awarded
Armed Forces Hospital	1.7	Construction	Design Stage
Mubarak Al Kabeer Seaport	1.2	Transport	Awarded
Jaber Ahmed Al Jaber Al Sabah Hospital	1.1	Construction	Awarded
Doha Link Bridge	1.0	Transport	Awarded







# CONSULAR AFFAIRS OFFICE U.S. EMBASSY KUWAIT WHO WE ARE & WHAT WE DO



The Consular Affairs office of the U.S. Embassy provides a wide range of services to both American citizens and to those seeking visas to travel or live in the United States.

Our mission is to provide consular services that most efficiently and effectively protect U.S. citizens in country, ensure U.S. security, facilitate the entry of legitimate travelers, and help foster economic growth. The Consular section is staffed by U.S. Consular Officers who, among other things, adjudicate visas, issue U.S. birth certificates and passports, and provide security information to American citizens visiting or residing in Kuwait.

## Contact Information:

The Embassy is located in Bayan (Block 6) near the intersection of route 206 (Khaled bid Abdul Aziz Street) and 302 (Masjed Al-Aqsa Street). Hours of operation are from 8:00 AM to 4:30 PM, and follow the Kuwaiti work week from Sunday to Thursday.

Services offered are by appointment only. Individuals seeking an appointment may visit the Embassy's website at <http://kuwait.usembassy.gov>

With questions on any of our services, you will receive the fastest response by emailing us:

For American Citizen Services : [kuwaitACS@state.gov](mailto:kuwaitACS@state.gov)

For Visa Services

Non-Immigrant Visas : [consularkuwaitm@state.gov](mailto:consularkuwaitm@state.gov)

Student Inquiries : [kuwaitstudent@state.gov](mailto:kuwaitstudent@state.gov)

Immigrant Visas : [kuwaitIV@state.gov](mailto:kuwaitIV@state.gov)

American Citizen Services – Our Priority is to Help American Citizens

## Smart Traveler: Registering with Embassy Kuwait

As an American citizen living, working, or traveling to Kuwait, we ask that you take advantage of our Smart Traveler Enrollment Program (STEP). STEP is a free service provided by the U.S. Government to U.S. citizens traveling to foreign countries that allows you to enter information about your trip. Once enrolled, you will receive important information from the Embassy about safety conditions in your destination country, helping you make informed decisions about your travel plans. Enrollment also helps the U.S. Embassy contact you in an emergency, whether natural disaster, civil unrest, or family emergency, and allows us to help family and friends get in touch with you in an emergency.

You can enroll in the STEP program by creating a user ID and password at <https://step.state.gov>.

## Citizenship Services for American Citizens

We provide a full range of citizenship services to Americans overseas, including processing passport applications, taking applications for consular reports of birth abroad, providing information to those few individuals who wish to elect to renounce U.S. citizenship, and performing notarial services.

Services available to American citizens at the Embassy require an appointment which can be made online after reviewing the information on our website at <http://kuwait.usembassy.gov>. For all appointments, please bring your passport and a second form of identification (written in English) to be given to the security guards in exchange for an access badge to the Embassy.

## Passports: Check your Pages and Expiration Date

We provide a full range of services associated with the issuance of passports, including first time U.S. passport applications, additional pages, and passport renewals. Forms and fees are required for the execution of each service, all of which are explained on our website. Passport applications are received and adjudicated in Kuwait, but the passports themselves will be issued and printed by facilities in the United States. You will receive your passport approximately two to three weeks after we submit your application, so please plan ahead. Once your new passport is received at U.S. Embassy Kuwait, we will notify you via email to come pick it up.

We also encourage you to check the expiration date and number of pages left on your passports. Some countries require a minimum of six months passport validity. Additionally, if you do have travel coming up, ensure you still have open pages for immigration stamps. Some countries require one full open page in order to enter or depart.

In certain instances, the U.S. Embassy may issue emergency passports to replace lost/stolen passports, or mutilated/damaged passports. Emergency passports are valid for use for return to the United States and entry into selected countries, but it is important to note that the Government of Kuwait does not recognize emergency passports issued at U.S. Embassies abroad as valid travel documents. If you have an emergency passport, you should have no problems leaving Kuwait but you may not be allowed to enter Kuwait.

## Special Services: What We Can and Cannot Do

The Consular section also provides Special Services to American citizens, including providing information for assistance with deaths, arrests, missing persons, children's issues, and crisis preparedness. We will visit in the event of injury or arrest, with your permission contact family on your behalf, provide information on security threats and concerns, perform welfare and whereabouts visits to abducted children, and refer victims of crimes to resources here and in the United States. Our website <http://kuwait.usembassy.gov> has a number of useful links and resources, including lawyer and medical provider lists. However, the U.S. Embassy cannot provide personal bodyguards or protection, arrest people, investigate crimes, waive Government of Kuwait travel bans or fines, pay bail in event of arrest, provide tax, financial, or legal advice, pay for attorneys, resolve legal proceedings such as civil, criminal or immigration cases, or offer loans for outstanding debts.

## Visa Services – for Legitimate Travel

Adjudication of non-immigrant and immigrant visas is one of the core functions of the Consular Section, and provides a critical opportunity for Kuwaitis and others to discover America.

The United States welcomes millions of foreign visitors and immigrants each year. Before traveling to the United States, a citizen of a foreign country must generally obtain a non-immigrant visa for a temporary stay or an immigrant visa for permanent residence. The type of visa needed is based on the purpose of travel. More information on requirements and types of visas is available on our website at <http://kuwait.usembassy.gov>. Visa appointments must be made through [www.ustraveldocs.com](http://www.ustraveldocs.com).

## Apply Early! – Especially Students

Summer travel season is just around the corner, and we are proud that the United States will again be a popular vacation destination. For those without a visa who wish to travel, now is the time to schedule an appointment! Applying early not only saves a stop at the Embassy during the hot summer months, but ensures that travel plans proceed without delay. Wait times for visa appointments are also lower now, as compared to the busy season from May to August.

Applying early is also encouraged for those intending to study in the United States. Although the U.S. Embassy cannot put a student visa in a passport more than 120 days prior to a student's program start date, students can still apply for their interview as soon as they have received their I-20 form and acceptance letter from their school of choice in the United States. So don't wait, apply now! You can interview now, then have the visa printed closer to the time of departure and ensure that you get to class on time!

## Frequently Asked Questions

I have a non-immigrant visa that will expire soon and would like to renew it. Do I need to go through the whole visa application process again?

Yes, you must go through the whole visa process each time you want to apply for a visa, even if your visa is still valid. There are few rare situations when visa applicants may not need to be interviewed when renewing their visa. See our website <http://kuwait.usembassy.gov> for more information.

My old passport has already expired. My visa to travel to the United States is still valid but in my expired passport. Do I need to apply for a new visa with my new passport?

No. If your visa is still valid you can travel to the United States with your two passports, as long as the visa is still valid, not damaged, and is the appropriate type of visa required for your principal purpose of travel. Both passports (the valid and the expired one with the visa) should be from the same country and be of the same type. For more information, visit [usvisas.state.gov](http://usvisas.state.gov).





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